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# **RECIPROCITY WITH CANADA**

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## **HEARINGS**

**BEFORE THE**

## **COMMITTEE ON FINANCE OF THE UNITED STATES SENATE**

**SIXTY-SECOND CONGRESS**

**ON**

### **H. R. 4412**

**AN ACT TO PROMOTE RECIPROCAL TRADE RELATIONS  
WITH THE DOMINION OF CANADA  
AND FOR OTHER PURPOSES**

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**(IN TWO VOLUMES)**

**VOL. 2**

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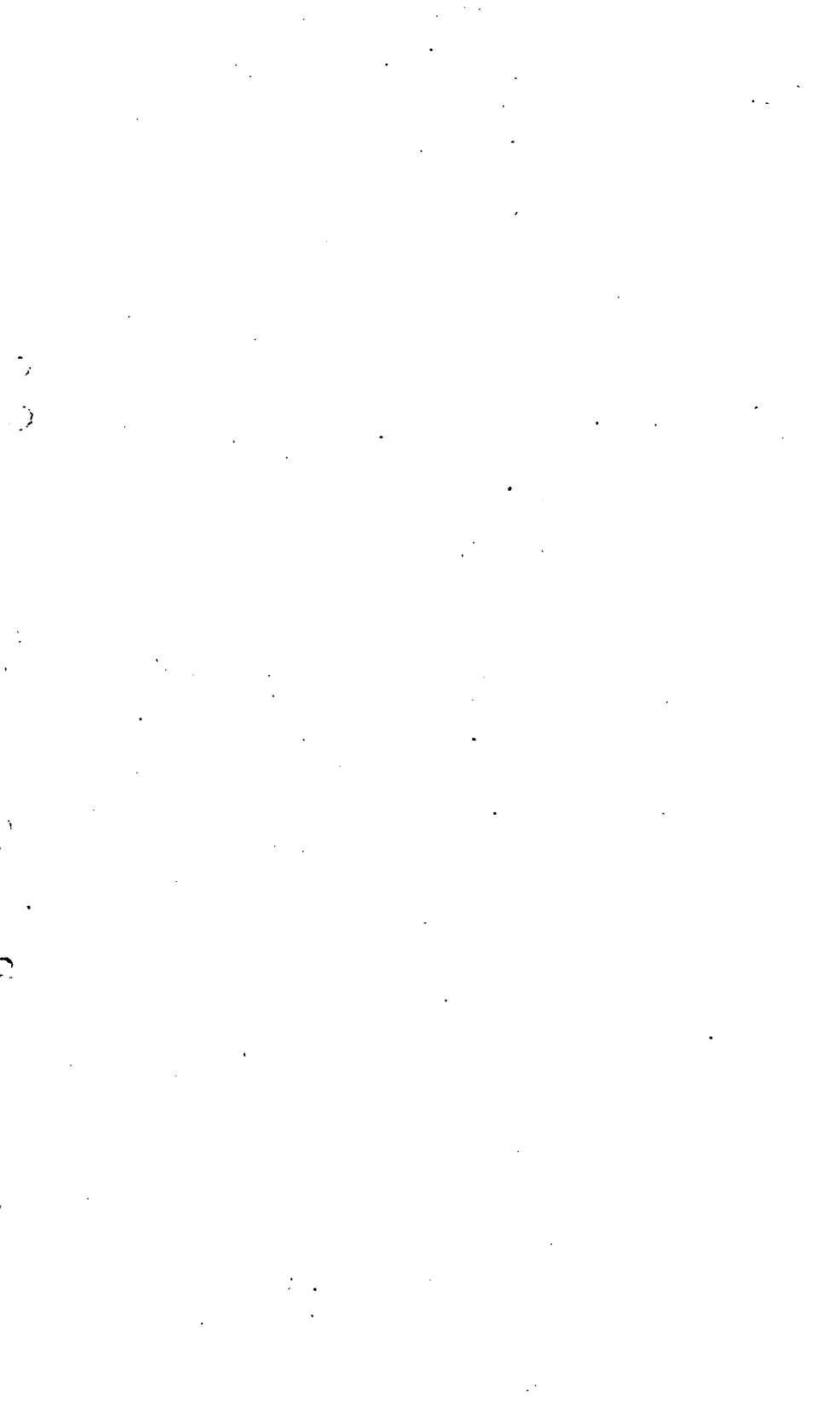
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**WASHINGTON  
GOVERNMENT PRINTING OFFICE**

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# RECIPROCITY WITH CANADA.

MONDAY, MAY 22, 1911.

UNITED STATES SENATE,  
COMMITTEE ON FINANCE,  
WASHINGTON, D. C.

The committee met at 10 o'clock a. m., Hon. Boies Penrose in the chair.

Present: Senators Penrose (chairman), Cullom, Lodge, McCumber, Smoot, Gallinger, Heyburn, Simmons, Stone, Williams, Kern.

The committee thereupon proceeded to the consideration of H. R. 4412, an act to promote reciprocal trade relations with the Dominion of Canada, and for other purposes.

The CHAIRMAN. The committee will come to order. The people representing the sheep industry will continue their hearing this morning. Are you ready to go on, Mr. Knollin?

Mr. KNOLLIN. Yes, sir.

The CHAIRMAN. You will proceed, then, a quorum of the committee being present.

Senator McCUMBER. Why not hear Senator Nelson? I understand he has a short statement.

The CHAIRMAN. Do you want to make a statement now, or wait until we have a full committee?

Senator NELSON. I will wait.

The CHAIRMAN. Now, Mr. Knollin, if you will go on, the committee will hear you.

## STATEMENT OF MR. A. J. KNOLLIN, OF SODA SPRINGS, IDAHO, REPRESENTING THE NATIONAL WOOLGROWERS' ASSOCIATION.

Mr. KNOLLIN. Mr. Chairman and gentlemen of the committee, I regret the inability of the president of the National Woolgrowers' Association, or of one of the other vice presidents, to be here at this time, as I think perhaps they could tell you in a more entertaining way regarding our industry than I can. It seems, however, that I was the only vice president that could come at this time. Mr. F. R. Gooding, of Idaho, our president, had intended to be here, but was unable to come.

Mr. Chairman, it is well to take a text when one has a subject to consider, and in considering House bills 4412 and 4413 I desire to read from the report of the Secretary of Agriculture for 1909. In looking this over it would seem to me that our honorable Secretary was inspired, as he stated words that are true indeed, when he submitted to the President his report for that year. He says:

The value of the farm products is so incomprehensibly large that it has become merely a row of figures. For this year it is \$3,760,000,000; the gain of this year over the preceding one is \$869,000,000.

Ten years ago the value of the products of the farm was only five and one-half times the mere gain of this year over 1908; it was little more than one-

half of the total value of this year. The value of the products has nearly doubled in 10 years.

If the total value of the farm products in 1899, as established by the census, is placed at 100, the value for 1903 is represented by 125, for 1904 by 130, for 1905 by 133, for 1906 by 143, for 1907 by 159, for 1908 by 167, and for 1909 by 186.

Eleven years of agriculture, beginning with a production of \$4,417,000,000 and ending with \$8,760,000,000! A sum of \$70,000,000,000 for the period.

It has paid off mortgages, it has established banks, it has made better homes; it has helped to make the farmer a citizen of the world, it has provided him with means for improving his soil and making it more productive.

The Secretary says further:

Most prosperous of all years is the place to which 1909 is entitled in agriculture. The yield has been bountiful with most crops, and prices have been high. Advantageously situated as he is in most respects, the farmer is less and less generally compelled to dump his crops on the market at time of harvest. He does not need to work for his board and clothes, as he often did in the former time when prices were so low as to be unprofitable.

Regarding the problem which these United States are confronted with, our Secretary of Agriculture says that the value of farm products is so incomprehensibly large that it has become merely a row of figures, and that through this incomprehensible value we have been able to pay off mortgages, establish banks, and make better homes; it has enabled us to become citizens of the world. It further says, mark you, that we have been provided with means for improving our soil and making it more productive.

Our case, gentlemen, could not be more tersely stated now than it was by our honored Secretary of Agriculture, James Wilson, when he submitted his thirteenth annual report to the President, from which I have quoted. I honor this great man, grown wise from years of close study of agricultural conditions, not only in our beloved country, but as they obtain in all countries of the civilized world, and I rejoice that out of the fullness of his knowledge and the kindness of his heart he paid the farmer this deserved tribute.

With reference to the proposed "reciprocal trade relations" with the Dominion of Canada, I am partly in accord with the altruistic sentiment expressed by the President. In my case it is certainly true that we are kindred. My father was born and raised in New Brunswick; he came to the States on reaching his majority, intending, as I have heard him say many times, to return to his people when he acquired a fortune. The fortune that he won here was a wife and his children; and not until I, the second son, reached my 'teens and the first-born, with our mother, had been laid to rest, did my father give up his allegiance to England and become a naturalized citizen of the United States. I remember well his heaviness of heart over this act, feeling that he had been disloyal to his Queen.

Just 50 years after my father left Canada, he returned to the home of his birth and his people, but he did not stay long, because, as he said, the country about where he was born had not changed much and he was homesick to be back amid the activities to which he had been accustomed for half a century. My father's people are all in Canada, and with each added year I find the pull at my heart strings growing stronger to visit my father's boyhood home and my people.

We have, however, the practical business side of this treaty under consideration, and on that I am not in accord with its purposes, be-

ing, as I understand it, the lowering of the value of our products. If a neighboring farmer should come to me and say: "I am going away for a year or so; you take my farm, my land and stock and equipment and use it without cost until I return," would such a proposition be along business lines and should I accept it? Would it be conducive to lasting friendship? I believe that which we pay value received for is that which we appreciate most, and in the case of my neighbor we will continue to respect and honor each other as long as our transactions are based on common-sense business principles.

Therefore, from the standpoint of a farmer and stock grower having surplus products to sell, I do not feel that it works any hardship to me to pay Canada a tax, or I might term it a rental, for the use of her markets, providing by doing so I could obtain better prices for my products than by selling in our home markets. I am not called upon to pay any part of the expense of the Government of Canada, nor do I derive any benefits from the cheaper land and greater opportunities afforded by Canada in producing surplus farm products, including live stock. Therefore, why should I object to paying Canada a reasonable tax, which is used in supporting her Government, provided I am benefited by selling my surplus products in her markets?

If this is good logic from the view point of a farmer and stock grower in the United States, why should it not apply to the farmer and stock grower of Canada? They pay no part of the expense of the Government of the United States excepting they obtain value received from the use of our larger and higher markets. Our markets are an asset of our people, an invaluable asset. It is a matter of record that we have rued the day that we have delivered our markets open and free to foreign competition. By so doing we always have lowered the value of our products, and always will, and to just the extent we do this we cut into the earning power of our laborers. I would not for a moment charge that any man or set of men would purposely legislate to the injury of any of our great and growing industries. At this time, part of our people, those living in towns and cities principally, are calling for cheaper cost of living. The city press—I will not say the people themselves—seem to blame the producer for the high cost of living. The people of the towns and cities, influenced no doubt by the press, think, too, that the producer's profits are unduly large. On the other hand, the producers know it to be a fact that, one year with another, while their products may be collectively great, the returns to them individually, are small, taking into consideration that they should get a fair return on their investment and living pay for their labor.

Raised in the country through boyhood, laboring on a farm in Illinois, and since early manhood having been engaged myself in farming and stock growing, I venture to say that there is no other industry in the United States that demands longer hours and harder labor than farming and stock growing, and if to-day the people engaged in this line of effort are more prosperous than are the town and city people, it is because they have been more economical and have worked harder. Living on farms and ranches has this advantage over city life, that the farmer and ranchman get their product before they have accumulated the innumerable expenses incident to transporta-

tion and the handling of the middlemen; but does not the farmer and ranchman well pay for this advantage through lack of opportunity to enjoy the social pleasures such as town and city people have?

It is true that under the policy of protection to our home industries and our home labor the farmer must pay something more for the things which he buys. The advocates of Canadian reciprocity say the farmer will buy his lumber and barbed wire cheaper. Granting that this may be true as far as that part of the country is concerned that is accessible to the forests and iron mills of Canada—the cost of transportation will undoubtedly consume the difference in the cost of lumber from Canada into the remoter parts of the United States—we must not lose sight of the fact that a farmer builds a house or a barn but once in a lifetime, and the cost of the lumber and wire is insignificant indeed when compared with the surplus products of the farm and ranch which are sold in a year.

A great outcry has been made, "Let down the bars and give reasonable prices for foodstuffs; no injury to farmers." Now, if you please, how may one reconcile these statements? The farmer and ranchman raise products which it is thought desirable to market at lower prices, and yet he will not be injured, we are told, but he may expect benefits. This line of reasoning to be true must assume that the producer of farm products, live stock included, will buy more than he sells.

The advocates of Canadian reciprocity and the farmers' free-list bill must take this stand, that the farmer will be able to buy what he does not sell, such as machinery, wire for fencing, lumber, etc., at less cost and therefore will be able to sell his products lower. This looks reasonable in theory, but let's see how it works out in fact.

I can not better confirm the fallacy of such statements than by submitting for your consideration figures on the operation of a ranch in Idaho for the past decade.

The statement offered by Mr. Knollin follows:

*Résumé of operating expense of Knollin & Myrup ranch, situated in Blaine County, Idaho, near Howe post office, for a period of 10 years—1899 to 1909, inclusive.*

	Monthly average.	Yearly average.	10 years.
<b>Labor:</b>			
Common, employed on ranch.....	\$224. 35	\$2,692. 20	\$26,922. 98
<b>Technical—</b>			
Blacksmithing.....	8. 70	104. 28	1,042. 63
Water master.....	1. 80	21. 60	216. 00
Thrashing expense.....	9. 90	118. 74	1,187. 45
	20. 40	244. 60	2,446. 08
<b>Skilled—</b>			
Office expense.....	8. 70	104. 37	1,043. 73
Surveying.....	1. 26	15. 15	151. 50
Water suit.....	1. 35	16. 28	162. 87
	11. 31	135. 80	1,358. 10
<b>Total labor.....</b>	<b>256. 06</b>	<b>3,072. 71</b>	<b>30,727. 16</b>
<b>House expense:</b>			
Provisions.....	19. 02	228. 30	2,283. 09
Household furnishings.....	5. 70	68. 43	684. 34
	24. 72	296. 73	2,967. 43

## Résumé of operating expense of Knollin &amp; Myrup ranch, etc.—Continued.

	Monthly average.	Yearly average.	10 years.
<b>Maintenance:</b>			
Equipment, harness and machinery.....	\$25.40	\$304.88	\$3,048.89
Improvement, fence, etc.....	2.78	33.37	333.74
	28.18	338.25	3,382.63
Feed, used on ranch (fed to work horses, milch cows, and hogs).....	91.71	1,100.58	11,005.87
Seed used in seedling for crops.....	30.40	365.50	3,655.00
Interest: 6 per cent on land investment, 8 per cent on other investment.....	127.67	1,552.03	15,520.38
Taxes.....	13.09	157.09	1,570.91
<b>Railroad expense:</b>			
Freight.....	1.64	19.70	197.06
Railroad fare.....	1.77	21.30	213.08
	3.41	41.00	410.14
<b>Expense of foreman and employees away from ranch on business:</b>			
Meals, lodging, and horse feed.....	5.21	62.55	625.57
Sundry expenses.....	3.80	45.67	456.71
Livery.....	.77	9.28	92.80
	9.78	117.50	1,175.08
Land leases.....	.38	3.78	37.82
Salt.....	.43	5.15	51.55
<b>Total expense for 10 years.....</b>			<b>70,503.97</b>
<b>Average yearly expense.....</b>			<b>7,050.39</b>
<b>Average monthly expense.....</b>			<b>587.53</b>

## Summary, expenses, and income for 10 years, Knollin &amp; Myrup Ranch.

<b>EXPENSES.</b>		
Per itemized statement above.....		\$70,503.97
<b>INCOME.</b>		
Crops sold.....	\$59,308.78	
Profit on live stock.....	7,335.35	
Appreciation on real estate.....	2,915.00	69,559.13
Loss for 10 years.....	944.84	
Average loss per year.....	94.48	
<b>CROPS SOLD.</b>		
Wheat, 196,142 pounds, average hundredweight, \$1.09.....	\$2,131.33	
Oats, 1,040,450 pounds, average hundredweight, \$1.06.....	11,131.69	
Barley, 120,480 pounds, average hundredweight, \$1.11.....	2,111.84	
Hay, 9,681 tons, average, \$4.30.....	37,330.97	
Beans, 123 tons, average, \$4.40.....	585.38	
Peas, 2,740 pounds.....	41.00	
Pea hay, 1 stack.....	200.00	
Alfalfa seed, 13,290 pounds, at 15 cents average.....	2,046.85	
Broom corn, 1,250 pounds, 10 cents average.....	125.00	
Potatoes.....	329.69	
pasture.....	1,101.80	
Straw.....	365.00	
Fire, classified.....	1,812.18	59,308.78
<b>PROFIT AND LOSS.</b>		

	Loss.	Profit.
1901.....	\$5,865.86	
1902.....	871.94	
1903.....		\$199.69
1904.....	646.64	
1905.....		1,634.89
1906.....		1,167.89
1907.....		2,207.40
1908.....		1,107.36
1909.....		714.38
1910.....	582.01	
Balance.....		944.84
	7,966.45	7,966.45
Net loss.....	944.84	



Senator McCUMBER. You would not consider it a good policy on the part of the carpenter to have his earnings cut down 25 per cent, with the understanding that he could get his jack-plane or his saw 15 or 20 per cent cheaper?

Mr. KNOLLIN. That is the point exactly. The statement I want to present, I think, will show that fact very clearly.

Senator McCUMBER. His 25 per cent difference in earnings are every day, and his jack-plane may last three or four years?

Mr. KNOLLIN. That is the point.

Mr. Chairman, I would like to say that the statements I will use are compiled from figures that have been taken each year from my books. Each deal I am interested in is closed annually. We take an inventory of the things on hand, and start over another year, the same as a merchant might in buying his stock of goods. When he buys his stock he charges it to merchandise account, he makes sales throughout the year, which he credits to merchandise account. If he wants to know the profit he has made during the year, he must inventory those goods. If the markets for goods have remained stationary, and his goods are in good condition he will put them in at cost. If, on the other hand, they have depreciated in value and become injured, he will put them in at less than cost; he must do that before he can determine just how he has come out, as to profits, for the year; and that is what I do with each and every deal that I am interested in. Without any idea that my statements might be discredited if I come with a statement newly compiled, I have brought the original annual statements from which these figures are taken, and you are welcome to go through them.

Senator McCUMBER. May I ask you where you reside now? Just as I came in I understood you to say you lived in Illinois. Do you live there now, or in some other State?

Mr. KNOLLIN. My father went to Illinois in 1864, Senator, when I was 2 years old, and he lived there until 1878, when he moved to St. Louis, and I stayed back in Illinois and worked on a farm there until I was about 19 years old. I then went to St. Louis and served an apprenticeship for a year to a butcher, and that not being altogether to my taste, I went to Kansas City. At the present time, Senator, I am in Chicago. I lived for a number of years in Idaho, and that is my legal residence to-day. My family are in Chicago, and my children are going to school there.

Senator McCUMBER. You are living now in Illinois?

Mr. KNOLLIN. Yes, sir; I am living now in Illinois; but I go out to Idaho frequently.

Senator HEYBURN. I do not understand that you gave up your citizenship in Idaho?

Mr. KNOLLIN. No, sir; I hold my legal residence at Soda Springs, Idaho, and spend a good part of each year there, having interests out there.

These figures represent the operation of a ranch owned by Knollin & Myrup, in Idaho. It is situated in Blaine County, near Howe post-office, and covers a period of 10 years, from 1889 to 1909, inclusive. I have here the statement for 1910's operation, but it is not compiled completely.

Senator HEYBURN. During that period did you not actually live in Idaho?

Mr. KNOLLIN. During this period?

Senator HEYBURN. The period mentioned there—prior to 1909.

Mr. KNOLLIN. I went to Idaho in 1894, and I lived there for about 10 years.

Senator HEYBURN. Immediately after it became a State you came out there?

Mr. KNOLLIN. Shortly afterwards; yes sir.

Senator HEYBURN. All right; proceed.

Mr. KNOLLIN. I am submitting for your information figures representing the operation for a ranch in the State of Idaho that, in its richness of soil and its general lay for economical irrigation and handling, is far above the average Idaho ranch. The figures and the statement can be verified by bills and vouchers; they are absolutely correct. You will note the monthly average, the yearly average, and the total expense for 10 years. For my illustration, we will use the latter figures. You will note that the largest item is labor, \$30,727.16, and the next largest item is interest on the investment, \$15,520.38. The next largest item is for feed used on the ranch for ranch horses, for milch cows, and hogs, and, I will add, for the feeding of beef for home consumption. This feed so used was raised on the ranch, credited to crop account, and charged back to expense. The expense for seeds, \$3,655, is in part handled the same way.

The ranch produces the greater part of the seed that has been used. We have the item of incidental expense, when our foreman and employees are away from the ranch attending to business connected with the ranch, amounting to \$1,175.08. This, you will note, only figures \$9.76 per month, being good evidence that the expense incurred did not include grand opera or long pleasure trips made and charged up to the expense of running the ranch. The taxes amount to \$1,570.91; land leases, \$37.82; and salt, \$51.55. Then we have household expenses amounting to \$2,967.43, and equipment amounting to \$3,382.63, the total expense of the two being \$6,350.06. In explanation of the light household expenses I will say that practically all of the meat and vegetables used on the ranch have been raised there; and of the light maintenance expense, that the fences and buildings have been made mostly of poles and logs, so that the large part of the expense of buildings has been in the labor. The total of these two, however, as given—\$6,350.06—represents the actual outlay of money, and it is the commodities making up this amount that I presume we might hope to buy at a less cost, in accordance with the theory of people who want lower cost of living. For the purpose of illustration, we will suppose that a saving of 25 per cent could be made on this \$6,350.06, which will amount to \$1,587.51. You will note the crops we sold amounted to \$59,308.78, and there was a profit made on live stock amounting to \$7,335.35, making a total income of \$66,644.13.

It would require but 2.2 per cent reduction of the income to offset \$1,587.51 that we assume we might save. I will ask you if the farmer and the ranchman may expect a difference of 22.8 per cent in the value of the products he sells and the necessities he buys, under the proposed Canadian reciprocity treaty? Is it not more logical to conclude that if by this treaty a saving of 25 per cent could be made on purchases, that a loss of 25 per cent would be sustained on sales?

I fail to see how one could look at the proposition in any other light. This being true, we find from the figures we are dealing with that there would be a loss sustained on crops sold of \$16,661.03, as against the saving of \$1,587.51, or a net loss of \$15,073.52. How shall we offset this loss? You will note for the 10 years this ranch has sustained a total loss of \$944.85, although during the time the property has appreciated in value \$2,915. We have no surplus account from which to take this loss, and if we study the figures carefully it will be seen that the only opportunity for offsetting the depreciation in crops would be to decrease the labor and the interest accounts. It has been my experience that when prices are good and times are prosperous the interest charges go down, but that when times are hard we are obliged to pay a higher rate of interest for money to operate our ranches provided we can get it at all.

Senator GALLINGER. A moment ago you said \$1,500 loss. Do you mean that or \$15,000?

Mr. KNOLLIN. \$1,500 net loss. The statement will show just how that was arrived at. Now, we have our labor accounts, and you will see at a glance that to make up the 25 per cent depreciation in the value of the crops a reduction of 50 per cent would have to be made in labor. The laboring men, which includes the farmer, are the consumers of the country. When you cheapen the cost of living, you lower wages.

Does that answer your question with reference to the carpenter and his plane?

Senator McCUMBER. Yes.

Mr. KNOLLIN. Thank you. Where is it the farmer and his family and the laborers on the farm and ranches spend their money? It is in the towns and cities. It is there they go to buy their clothes, their shoes, their hats, and for their amusements. Therefore, I am constrained to say out of the fullness of my experience that the leaders in the movement for the cheaper cost of living—honest, undoubtedly, in their opinions—are laboring under an error of mind. In the free-wool period, during Mr. Cleveland's administration, I was slaughtering sheep and lambs in Kansas City. I bought sheep and lambs at times at a little over the transportation and selling charges.

I sent this mutton out for sale with instructions to the drivers that they need not replace in coolers mutton that they could not sell, but throw it to the hogs. And during one fall I slaughtered over 7,000 sheep, the carcasses of which were either fed to the hogs or tanned for grease. This mutton was sold from one-half to 5 cents per pound. The retailers and restaurants that bought it of me could not meet their bills, because, they said, they could not collect from the people who consumed the meat, and therefore I quit business with accounts outstanding of between \$5,000 and \$6,000, which amount ultimately was a complete loss.

These are facts, and I will leave it to the thinking people of this country as to whether or not a period of cheap living is a beneficent condition. The Master said: "How can one enter into a strong man's house and spoil his goods except he first bind the strong man?"

Are not the words of the one perfect man, who knew no error of mind, of worth to us in the present day? Are they not as true and applicable now as 2,000 years ago?

As a nation we are progressive and strong. All time has never witnessed such wonderful industrial development. It is my honest conviction that we can attribute these achievements to the policy which our Government has generally followed, of home markets for home products and protection of our labor from competition with countries where the conditions of living do not so nearly approach the ideal of the United States.

Senator HEYBURN. Well, that principle would go further, would it not? If labor was quite as expensive in another country, it must still replace or displace the market for that much labor in our country, if we admit their goods free. Do you think that the question of labor being lower in a foreign country is the whole story?

Mr. KNOLLIN. No, sir; and before I get through, I think, Senator, I will state just what I do think and what I find on that point.

Senator HEYBURN. The largest question is the displacement of American labor at any cost, is it not?

Mr. KNOLLIN. It seems so to me. We certainly can not expect the laboring man to buy products, no matter where they come from, whether we produce them or whether they come from Canada or foreign countries, if he has not the money to buy them with.

Senator HEYBURN. If he has no labor?

Mr. KNOLLIN. If he has no labor. And every single sheep that comes into the United States, we must hold in mind, displaces a sheep that we raise here.

Senator HEYBURN. That is the big question.

Mr. KNOLLIN. The question, Senator, it seems to me, is one of whether it is a good thing for us to have cheap labor and low prices for products and go back through the same kind of times that we went through once when those conditions prevailed, or whether we shall continue the policy we have had for the last 12 or 13 years—good prices for labor and good prices for products.

Statistical information has been and will be compiled for your information, and you have access to the fountain head of knowledge of this character. Mr. Hagenbarth went into that subject with a great deal of care and research, looking up the reports from foreign countries on the cost of producing live stock there, and cost of lands, and I did not care to follow along the same lines or cover the same ground, because I could not add to anything that he said except my confirmation, and I feel that every statement that he made along those lines was absolutely correct.

Therefore I shall only make such reference to figures as is necessary to prove my ideas, and I will confine myself to the two phases with which I am most familiar—"sheep husbandry" and "soil improvement." These terms have become synonymous with the renters of the high-cost lands in England. In stating our case I quoted Secretary Wilson as follows: "It has provided him with means for improving his soil and making it more productive," this referring to the good prices obtained by the farmer for his products. Capital is just as essential to minimizing cost of production for farm products, domestic animals included as it is in lines of manufacturing or business. In order to obtain capital we must receive something more for our products than the mere cost of production. Just in that connection I would say that this ranch which I gave the figures of operat-

ing for 10 years was partially improved when I bought it. The man that I placed upon it eventually became a partner, first only having a small interest, but now he has a half interest with me in the operation of the ranch. He has lived there 10 years and has now a family of five children; he is very economical and ambitious to get ahead. We have gone slow in the matter of improving that ranch from the fact that we did not want to get in debt too much.

We wanted to feel our way, but if we could have had capital with which to improve the ranch we could have had it producing within five or six years as much as it produces to-day. When I bought that ranch it had been a headquarters for cattlemen. They said, "Now, Knollin, we have only been putting up about what hay we needed for our work horses, etc., but the ranch ought to produce a couple of hundred tons of hay, or perhaps 300, but we have never tried to raise any grain here. Farmers bring grain from the Persimiri and sell it to us cheap, but we think you can grow good grain here."

I wish you would bear that statement in mind, should you refer to the products as shown in the statement. Last year we raised on that ranch 1,800 tons of hay, and if I remember right, something like 500,000 pounds of grain.

It is 7 miles on the south to a neighbor and 11 miles on the north. The country intervening between these ranches has a productive soil, and would be just as productive as this particular ground were it cultivated, but it requires water, and what is necessary to get the water is capital with which to build reservoirs to store the water as it comes down from the mountains at flood time. That country could be made to produce a thousandfold over what it is producing to-day.

Senator HEYBURN. You produce your grain by dry-farming, do you not?

Mr. KNOLLIN. Partly; mostly by irrigation, at that point.

Senator HEYBURN. They had a pretty good crop of dry-farm wheat there this last year, did they not?

Mr. KNOLLIN. Dry-farms are coming in there pretty fast, and they have good crops.

I fully realize that the consumer's interest must be considered, and I make this statement without fear, but I can prove it, that instead of there being an immediate need of our seeking and aiding in the development of new countries and new lands, we will not only feed our own people, but for centuries to come we will be able to materially assist in furnishing food for millions in less favored countries.

That is a little different from the stand that was taken by Mr. Hegenbarth in quoting Mr. Hill, of the Northern Pacific, but I have been out all my life through this great western country, and we are only scratching over it. Here last Sunday I spent the time in the country about Washington, and I was surprised to find a country 300 years old looking so near in its original state. Upon making inquiry, I was told that if I would go down into the timber I would find corn furrows there; that that country had once been cultivated and was productive. Now, it follows that when this country became a little worn the farmer moved to the new country in the West, a virgin soil, more easily worked than the New England hills. The pioneers there built homes and established themselves, and it would

be a crying shame if they were driven out of those homes, driven to lose the fruits of their labor by competition from lands north of us that can be had much cheaper and where opportunities for getting hold of those lands are greater.

In my own case, as I will show you, the sheep that we grow in Idaho that I will show you the pictures of are bred up from English stock, the best rams that we could buy, first in Canada and then in England. I have spent a great deal of money—spent all of the money that has come out of the sheep—to improve them. It was my ambition to breed flocks of pure-breed sheep up to the number of 10,000, but now I find myself without room for 3,200 on the national forest, and excepting that we have the mountain feed we can not grow this class of sheep. We have in Idaho, in another way, however, similar conditions to those in England—green feed the summer through. In July and August, if you go up into these mountains, you will see the lambs playing on long drifts of snow. Below those drifts there will be flowers blooming. They have that succulent feed that produces an abundance of milk from the ewes, and the lambs grow fat.

Now, gentlemen, those conditions are impossible in the East, but the conditions that exist in England, where they sow turnips and have green feed in the summer, owing to their moister climate, those conditions can be worked out in our farming district, so that the sheep industry of the farms can be developed immensely in this country.

The CHAIRMAN. Will you please suspend your remarks for a few minutes as Senator Nelson is present and has to attend a committee meeting and desires to address the committee for a few moments? If you will suspend now until Senator Nelson finishes, you may resume after he has concluded.

#### STATEMENT OF SENATOR KNUTE NELSON, OF MINNESOTA.

Senator NELSON. Mr. Chairman and members of the committee, I do not come here for the purpose of entering into any formal argument. I rather come here for the purpose of calling the attention of the committee to certain amendments that I have offered to this reciprocity bill, in the hope that you will give consideration to the amendments and that they will be offered and voted upon in the committee.

As you know, this reciprocity treaty, with the exception of wool, puts all the agricultural products that the farmer raises on the free list, while the products of those agricultural products are on the protected list. In this respect it is unique, and differs from the treaty of 1854. That treaty not only put agricultural products—like cattle, horses, sheep, wheat, barley, oats and flax, etc.—on the free list, but also put flour and the meats and everything that was made from those products on the free list. There was some fairness and some reciprocity in that matter, but this treaty puts all the products of the farm on the free list, while the flour, brans, middlings, the shorts, and the meats and bacon, beef and everything else are put on the protected list.

My amendments are for the purpose of giving the farmers the same share as we give the millers and the packers in this country.

While we have cut down the duties a little on their products from what they are in the present tariff law, we have not put them on the free list. The amendments that I have proposed are as follows:

Wheat, rye, oats, barley, and buckwheat are all on the free list in this bill. The present duty on wheat is 25 cents a bushel. I have asked to amend and make it 12½ cents a bushel, cutting it down 50 per cent. On barley the duty at present is 30 cents a bushel. I have asked in my amendment to cut that down to 15 cents a bushel. The duty on oats is 15 cents. I have asked to cut it down to 8 cents a bushel. Buckwheat, 15 cents; cut down to 7 cents. Potatoes, 25 cents; cut down to 15 cents; and in respect to cattle and horses, I have made these changes in my amendment: Cattle, if less than 1 year old, \$1 a head. The duty at present is \$2. All other cattle, valued at more than \$14 per head, \$2.50. The present duty is \$3.75; and if valued at more than \$14 per head, 25 per cent ad valorem. The present duty is 27½ per cent ad valorem. Swine, \$1.50 in the present tariff act. I have cut that down to \$1. Horses and mules, valued at \$150 or less per head, \$30. I have cut that down to \$20 a head; and in the matter of butter and cheese, the duty on those two products is at the present time 6 cents a pound, and I have asked to cut it down to 4 cents a pound.

My object in these amendments is to put the farmer on a par with the other classes of producers in this country. The bill as now framed and recommended by the President casts the whole burden of reciprocity upon the farmer. Everything he raises is put on the free list and, as a consideration for that, these other articles in Schedule B of the message sent in by the President are to come in at a reduced rate.

Now, you will see the iniquity of this arrangement—and I can not call it by anything else. Wheat is put on the free list, while flour is dutiable at 50 cents a barrel. Now, it takes 4½ bushels of good wheat to make a barrel of flour. But that is not all. Even shorts and brans and middlings—what we call the feed stuff—the offal of the mills—pay a duty under Schedule B, as it is in the message of the President, of 12½ cents a hundred. That is equivalent to half the duty on flour. A barrel of flour, in round numbers, we call 200 pounds. Two hundred pounds of bran would be 25 cents. So they even protect that, and it is a peculiar thing, if you examine the report of the tariff commission—the Tariff Board—the difference in duty between those mill stuffs—bran, shorts, and middlings—between Minneapolis and Winnipeg is from \$2 to \$3 a ton cheaper at Winnipeg than at Minneapolis.

Now, it is said that we ought not to amend this bill. The President says we must not amend it. The President, with all due respect to him, has evaded the Constitution in this respect. In 1854 there was a treaty negotiated and submitted for ratification to the Senate. It was ratified by the Senate, and then it was followed by a legislative act.

In this instance the President has evaded the constitutional provision and has made a bargain with the Canadian Government that he will put through certain tariff legislation here in Congress, and he comes to us and says "you must not change it."

Now, the Senate is part of the treaty-making power under the Constitution, and if he had come to us, as he ought to have come to

us—as they have come to us in every other case—the Senate would have had a voice in this treaty or pact, and we would have amended it, as we have done in many other instances. One of the treaties with England, in respect to the Panama Canal—as the Senator from Illinois well knows—was amended, and Great Britain finally accepted our amendment. The recent waterway treaty with Canada and England was amended. One important amendment was injected into it at the instance of the Senator from Michigan, and smaller amendments of my own were put into that treaty, and the Canadian Government ratified it.

Now, to come here and say to us that we have no right to amend this treaty or to amend this arrangement, because the President of the United States has taken this course to negotiate the matter, is trifling with the Senate of the United States. It is beating around the bush. It is not treating one of the treaty-making departments of the Government fairly, because the Constitution never contemplated that the President should dictate to the Senate as to treaties. He was to act in connection with the Senate—the two powers combined were to determine what a treaty was to be, and not the President alone.

What are the conditions with reference to this matter of wheat production—and I might say it applies as well to the other products of the country, the other agricultural products? The total amount of wheat raised in this country has run, in recent years, from 750,000,000 bushels a year to as low as 553,000,000. The biggest crop we have had in recent years was 750,000,000 bushels in 1901; the poorest crop was in 1904, being 553,000,000 bushels. In 1910—the last year—we raised nearly 700,000,000 bushels, or as near as we can get it, 695,000,000 bushels.

In round numbers—and I can not undertake to be exact about it—one-third—of course there are fluctuations, but about one-third—of the wheat crop of this country is spring wheat, and about two-thirds winter wheat. Now, the chief spring wheat States are Minnesota, North Dakota, and South Dakota, with some of the adjoining States. There is a little raised in Idaho, some in Nebraska, and some in the plains and mountain States, and some in Wisconsin, and a little in Michigan. In that territory has grown up a system of large mills, and that spring wheat—a large share of it—is of a hard variety known as No. 1 hard spring wheat, and nearly all of it is manufactured into flour in this country. A few years ago a large share of our wheat was exported from Minnesota. In recent years—and I have reference to Duluth, which is our port from which it is shipped down the Lakes—in recent years none of our spring wheat has been shipped abroad; it is all used at home, all made into flour at Minneapolis and other northwestern points. Most of the export wheat of this country is the soft winter wheat.

By reason of the superior quality of the flour and by reason of the character of the wheat from which it is made, there is a great domestic market for that flour, and as a consequence, we have obtained a bigger price for our wheat in that part of the country, in the spring-wheat belt than they have anywhere else in the winter-wheat belt in the country.

There is one exception that I want to call your attention to. The Agricultural Department has introduced a hard variety of winter



wheat—I think it is called turkey red—the Senator from Missouri can perhaps correct me about that. I am not sure about the name. That hard winter wheat is raised in Kansas, Nebraska, Oklahoma, and Missouri, and it has been found such a valuable variety that a large share of it, instead of being shipped with the other winter wheat East to the seaboard and exported, goes up to Minneapolis and the mills in Minnesota, and is mixed with the hard spring wheat. In that way they have succeeded with that hard winter wheat raised in the Southwest—as we call it—and have acquired a market for it superior to the market for the other winter wheat.

Now, take Missouri. The State of Missouri is quite a grain-raising State. They have raised upward, or in the neighborhood of, 30,000,000 bushels a year, and they raise considerable of this turkey red, or this hard winter wheat. A part of it finds a market in Minneapolis. I have taken occasion in recent times, during recent years, to read the market reports in the Minneapolis papers. They give a list of the cars as they come in day by day, and the kind of wheat they contain, and it is surprising what an amount of that kind of hard winter wheat comes to Minneapolis.

The facts are that in consequence of the quality of our wheat, and in consequence of our large milling system, Minneapolis has a capacity of 100,000,000 bushels a year, and the outlying mills in the State have an equal capacity, take them all together in a bunch; in consequence of that, we have been getting prices that were 10 to 15 cents a bushel more for our wheat than they have in Canada, across the boundary.

I want to say to the committee, first of all, that I have been interested in farming ever since I came to Minnesota. It is 40 years next August since I landed at Alexandria, where I live. I was broken down in health when I came there from the Army, and for some years I did not know whether I would live many years or not. I moved to Minnesota and took a homestead there in 1871, near the village where I live, and have added to it. I have a farm there now of something over 500 acres. I have lived on my homestead. I took that homestead in the fall of 1871 and am still living on my Government homestead. My present house is within 8 rods of where my claim shanty stood—in those days we all had claim shanties, and I was in fashion with the rest of them. I have been raising crops on that farm year by year ever since, part of the time with hired labor and part of the time by tenants, and I have had occasion to watch the wheat market. I have never speculated in wheat, but have watched the market so far as it related to my own crops.

Two years ago, finding that there was such an immense immigration to those Provinces north and west of us in Canada, I was curious and anxious to visit the country. I had a suspicion that our people, who were leaving in such large numbers for the northwestern country, were buncoed by land agents, and I took a trip up to Winnipeg, and went from there 900 miles to Edmonton, on the Saskatchewan, and then came back into the southern part. There are three great Provinces there of over 577,000 square miles. Manitoba has over 73,000 square miles, Saskatchewan over 250,000 square miles, and Alberta over 253,000 square miles. Those two Provinces, Saskatchewan and Alberta, are each of them approximately as big as the State of Texas, and I believe the State of Texas is a little over 267,000

square miles. Most of that land is splendid agricultural land. A large part of it a rolling prairie, interspersed with small patches of brush land, to a large extent poplar. I did not see any oak there; it is probably too far north for that. They raise a splendid crop of wheat, barley, oats, and flax in that region, in those Provinces.

Seven or eight years ago there were not over a half million people in those three Provinces. They have to-day upward of a million and a half; and the strangest thing is that over 500,000 of our people have moved there within the last six or seven years, and they are pouring in there now more than ever.

I was here the other day when the Senator from Missouri spoke about the question of wages. It is true that there is not much difference in the wages between their country and ours, but the great difference that our farmers have to contend with is, first, in the original cost of acquiring land—the price of the land—and then next in the amount they produce per acre.

They have a more liberal homestead law than ours. A man can acquire title to a homestead there in three years, and if he has a farm of his own contiguous to a homestead, he can live on his own farm and need not reside on the homestead. He is simply required to cultivate it. Then in addition to getting a free homestead he can buy another quarter section at \$2.50 an acre close by.

Then there is another matter for consideration. There is one thing in which they have excelled us, and that is in surveying land. They have laid out roads in their original survey so there is a public road laid out around every quarter section. Every quarter section is on a road. Originally they had a road laid out around every section, but they have modified it now to some extent so that in one direction it is every section and in the other every other section. You will find if you examine the plats that there is a public road laid out just as you lay out a street on a city plat—around every quarter section.

Senator STONE. Every half mile?

Senator NELSON. Yes, sir; every quarter section has a public road, and they do not have to wait for the supervisor or country officers to lay out the roads. It is there, and it remains only to be improved and worked

Now, as I have said, the settlers are pouring in there at an enormous rate. In addition to the public lands that they thus acquire under their public-land laws, there is a large quantity of land owned by the Hudson Bay Co. and by the various railroad companies and by private concerns, and those valuable lands can be secured at less than one-half the price that they can on our side of the line for similar lands. There is a rush to-day into those Provinces, especially since this reciprocity agitation has taken place, that is unparalleled, and no scheme could be devised equal to this reciprocity scheme, to settle up those Provinces more rapidly. If the Canadian Government were to seek a scheme to increase and hasten the settlement and build up that country more rapidly than it has been, no method could be invented that would be more conducive to that end than this inaugurated by the President. It is a scheme to benefit that country and to send our people there. The effect of it already has been to increase tenfold the interests of Canada, and it will prove stagnation and ruin to our farmers. In the first place it

will divert them from grain raising into other pursuits, and in the next place, instead of our agricultural counties growing, our young people will go to Canada. We have the result even now. The present census shows how, in many instances, our own agricultural counties have been standing still.

Now, I appeal to you gentlemen who are in favor of protection—who believe in that system—I appeal to you to treat the farmer of this country as you treat the other classes of the community, and not make us the black sheep in the fold; not say to us that protection is needed by everybody else, but the poor farmer can get along without it. That is the way the reciprocity bill is treating us, and I hope that when you take up this matter, when you take up the bill, you will give due consideration to these amendments of mine, which aim to take farm products from the free list, but to reduce the duty to a fair and reasonable basis. I have not given as great protection in these amendments as I might. I leave a little margin as against us, but still leave sufficient protection, so that the farmers of the country will have the same protection as the other classes.

Senator CULLOM. Are your amendments printed?

Senator NELSON. Yes, sir; they are printed.

Senator STONE. Do you think that the taking off of the protection on wheat would injure the farmers of this country?

Senator NELSON. Yes, sir. Years ago the conditions were different. Years ago we raised much more than we consumed in this country, and we had such a large surplus of export that we failed to have the home market to consume. Instead of marketing our surplus wheat at home, we exported it. Under those conditions it did not appear to do us much good, but in recent years it has. Take the whole boundary line of Minnesota and North Dakota, and take the situation of the two States on the line, and you will find from 10 to 15 cents a bushel difference in wheat.

There have been cases in recent years where farmers in Canada have attempted to smuggle wheat in wagons across the line. They have been arrested and convicted for violating our tariff law—convicted of smuggling. That would not take place if the market was the same.

Senator STONE. I understood your attitude to be on the Payne-Aldrich bill that the tariff had not been of the least benefit to the farmer.

Senator NELSON. I do not know what I was reported as saying, but I will state that my view has been that in past years, owing to our large surplus, the tariff has been of little help to the farmer; we had such a large surplus, and we were exporting that surplus in the raw state instead of in flour. Our exportable surplus is diminishing year by year. This year I do not know the exact figures, but I presume of the crop last year not over 75,000,000 bushels at the outside—perhaps not over 50,000,000 bushels of wheat—will be exported.

Senator STONE. I wanted to ask you whether the opinions you now hold respecting the advantage of a protective tariff on farm products has been modified, or if you have modified your views since three years ago?

Senator NELSON. No, sir; it has not; it has modified my views in one sense and not in another. It is modified because the conditions are modified, but I have always been, as everybody knows, while a

protectionist, a low-tariff protectionist. I have always believed that there should be no more protection than was necessary to protect our own people against the aggression of others, and that is why I have offered these amendments that are presented to you to-day. It is for the purpose of giving our farmers just enough protection to put them on a par with the people of Canada. The tension does not come from the Provinces east of the Lakes. All the Provinces of the east—Ontario, Quebec, Nova Scotia, New Brunswick, and Prince Edward Island—all of them together do not raise enough wheat for their own bread. The surplus comes from those three great Provinces of the Northwest. The surplus of wheat from those Provinces of the crop of 1910 was over 60,000,000 bushels. This year it will be, perhaps, nearly double that amount.

Now, there is one thing that I want to call your attention to. The people go on these new lands in Canada, raise big crops, far bigger than ours, and in that they have a great advantage over our farmers. Their average crop is from 21 to 22 bushels per acre; ours about 15 bushels per acre. The great surplus—the exportable surplus—will come from those three great Provinces between the Great Lakes and the Rocky Mountains. That is going to be the granary of Canada, and inside of 10 years it is my honest opinion that those Provinces will raise more wheat, more barley, more oats, more rye, and more flax than all of the United States, and the question is, Will you allow that avalanche—that snowstorm from Canada—to overwhelm us?

That is the question before the committee, and the question is, also, Are you going to segregate the farmers from the other sections of the community and say to the farmers that everybody else is entitled to protection, but you farmers will have to shift for yourselves?

I thank you, gentlemen.

#### STATEMENT OF A. J. KNOLLIN (Resumed).

Mr. KNOLLIN. Mr. Chairman, I was submitting a statement of the conditions as affecting the handling of sheep in which I am interested in Idaho. I was stating that it has been my ambition to build this flock of pure-bred sheep up to 10,000 breeding ewes. Senator Nelson, of Minnesota, has just covered very clearly what I have in mind. The opening of the markets of the United States to Canadian products, and with their desire to develop their country, I am confident that I can handle these sheep to much better advantage and handle them cheaper and find a larger market for them by moving those flocks to Canada. But I think to do so would be a real loss to the State of Idaho, and to this country.

We have recently passed through a period of high-priced meats—this is especially true of hog products. It is not difficult to locate the reason for this. We had previously passed through a period of low prices. Hog raising was not only unprofitable, but was for some time conducted at a serious loss. This has been true frequently regarding the production of cattle and sheep. Extreme low prices lead to curtailment of breeding operations; extreme high prices stimulate production, and prices are extremely high or low as the case may be. Neither of these conditions is ideal. A regular supply adequate to the demand, at prices reasonably remunerative to the producer and

not burdensome to the consumer, are the desirable conditions. There are many things that enter into the cost of production, such as location as to distance from transportation, distance to market and cost of transportation, drouths, and other adverse weather conditions. This is especially true regarding the cost of producing mutton. A hard winter means either enlarged expense for feed or loss of sheep, always a lighter and often a poorer quality of wool. A backward spring causes loss in lambs. I find in raising sheep in New Mexico, over a period of 12 years, my losses have averaged 5.6 per cent with a maximum loss of 9.5 per cent and a minimum loss of 1.65 per cent, lambs raised has averaged 73.2 per cent with a maximum of 93.76 per cent and a minimum of 50.2 per cent. The wool clipped has averaged 7.3 pounds, a maximum of 8.6 per cent and a minimum of 6.5 per cent. The wool has averaged to bring 13.7 cents per pound, with a maximum of 20 cents and a minimum of 8.7 per cent. I am interested with others in sheep in Idaho—three outfits—about the same variation prevails there. You will readily see that all of these conditions affect the cost of producing mutton. A light loss, a good lambing, a good clip of wool, and a good price for it—mutton will be materially cheaper. Bad conditions and it will cost higher.

I have brought out these facts to show that it is an absolute impossibility to produce mutton on a basis of a uniform close margin of profit. Averages are of little value, except when covering a period of years.

Our country, however, is so vast and its products so varied, that we usually produce a sufficient quantity of meats, grains, vegetables, and fruits to supply our people bountifully at a reasonable average cost. We have, however, in this country a distributing element, which, for the want of a better term, I will name tariff agitation.

Sheep growing is the most sensitive of all industries to the influence of the tariff for good or ill. Quick to anticipate disaster when threatened with competition from other countries, slow to recover confidence when again recognized as an important industry, and requiring encouragement for its continuance and development.

Under adverse circumstances, products of the factory can be quickly curtailed or cheapened to meet existing conditions, but sheep must be cared for just the same, even when the products are below cost, and the investment loses a big percentage of its value. In 1885, there were in the United States 50,360,000 sheep, with a value of \$2.14 each, a total value of \$107,961,000. Affected by agitation for cheaper wool, followed by the Mills bill of 1884 and continued agitation, culminating in the Wilson bill of 1893 and the free-wool period, our flocks were reduced in 1897 to 36,819,000—a loss of 13,541,000 sheep, with a valuation of \$1.82 per head, amounting to \$67,021,000; a loss in sheep of 26 per cent; in value, 28 per cent. This was a disastrous period for flockmasters, and had it continued for a decade sheep would have been wiped off the map of the United States.

Mr. Chairman, during that period there was such anxiety on the part of the sheep owners to get rid of their sheep that they actually shipped them to market without expecting to receive any returns for the sheep whatever. The railroads would not accept the sheep for shipment unless the freights were prepaid. I remember one instance on the Kansas City market. Mr. Eugene Rust, then superintendent of the yard at Kansas City, came to me with reference

to a shipment that had been in the yard for several days, and said, "What can we do with them?" No commission man would receive them because they could not afford to assume the responsibility of the charges. I did not feel that I could handle them. The fact of their being cheap was no inducement to me to buy them. Finally, after figuring the thing over, I said, "If you will arrange with the Santa Fe Railway to take off \$12.50 freight and you will knock off the yardage of 5 cents a head, I will pay the balance of the freight and the feed charges and take the sheep," and I got them, Mr. Chairman and gentlemen.

Senator HEYBURN. It is also true that the railroads would not accept grain in the sacks, delivered on the station platforms, unless the freight was guaranteed or prepaid.

Mr. KNOLLIN. That is true, and on shipments of horses, also.

Senator HEYBURN. Right down near you at that time there was a factory where they were buying horses and working them up into various products.

Mr. KNOLLIN. I have read of that; I did not go down to see it myself.

Just at that time the sheepmen of Texas had leased lands, bought lands, and built fences to protect their industry—tied up the most of their capital, borrowing money on their sheep. When these hard times came, with low prices for sheep, they went down like a lot of ninepins. There was not in that whole country a solvent sheepman in three months after the passage of that Wilson bill.

The sheep industry, sick near unto death, was revived immediately upon the election of our honored McKinley, our greatest champion of the sheep industry, and when the Dingley tariff bill was enacted into law, in 1897, our flock masters, who had not entirely given up hope, struggling under burdens of debt, took up again with renewed energy the business they understood and loved. New capital and new men were attracted to the business, anticipating an advance in values.

Mr. Chairman, if during the past 14 years you have heard it said that the profits of sheep husbandry were unduly large, it was because of the legitimate enhancement of values and through speculation during such period.

I cited you to the ruinous loss in numbers and depreciation in value of our flocks during a period of adverse legislation. Consider now, if you please, the effect of following the McKinley and Blaine protective ideas with reference to reciprocal trade agreements. Having in 1897 but 36,818,000 sheep, with a valuation of \$1.82 per head, a total value of \$67,000,000, we had, in 1910, 57,216,000, with a unit value of \$4.08 and a total value of \$233,664,000, an increase in number of 50 per cent and in value of 248 per cent. In addition to the 20,398,000 live sheep gained, there were 5,000,000 increase in the number of sheep slaughtered. Gentlemen, these are facts that I trust you will carefully consider before you give your approval to any bill that opens up a way for displanting our mutton and lambs. Continued protection to this important industry means a further rapid increase in our flocks, and it will be but a short time until we produce in the United States all the wool needed and largely augment our meat supply. The man who has his capital invested, much of it borrowed, knowing the close margin upon which he is working, looks upon the movement for a lowering of prices of his products—

mutton and wool—with extreme apprehension; and even now, having a vivid remembrance of the ruin wrought by free wool, he is seeking safety from utter ruin by sale of his sheep. I have absolute knowledge that to-day the majority of the range sheep in the United States could be purchased at a discount of one-third of their value of a year ago. This means for the sheep grower that the profit earned above a very low interest on money invested during our period of prosperity has been wiped out and sheep men again find themselves burdened with debts and their credit greatly curtailed.

Senator GALLINGER. The suggestion is now being made that the duty on wool should be reduced to 5 cents a pound. What do you think that will result in?

Mr. KNOLLIN. Senator, I think that would result in a rapid decrease in our flocks.

Senator GALLINGER. It would not be quite so bad as free wool; but it would make some trouble for the sheep men, would it not?

Mr. KNOLLIN. If we built a fence to confine cattle, and we left off the top board that was necessary to keep those cattle from going over that fence, our fence would be of little value.

Senator HEYBURN. If you take one of the four wheels off a wagon, you would disable the wagon.

Mr. KNOLLIN. Not quite so bad as taking off the fifth wheel, but it is bad enough.

Mr. Chairman, I desire to read a letter, addressed to Mr. McClure, secretary of our association—or, rather, it is addressed to the Congress of the United States, through Mr. McClure, our secretary:

*To the Congress of the United States:*

(Through Hon. W. S. McClure, secretary National Woolgrowers.)

George J. Currin & Sons have the second largest sheep and wool plant in Morrow County, Ore. We have owned and conducted this plant since 1904; our concern involves 20,000 acres of deeded land and 12,000 sheep. We are in debt about one-third the value of this property. We have put the savings of two generations of pioneer life, since 1845, in here. In the first of these years we were enabled to accumulate some means and add to and make our concern what it is in land and sheep; under ordinary circumstances we ought to be able to make some money now, but with the added expense of summer range, the high price of competent help, and the high price of living, we will be unable to do so. In 1910, a year of ordinary sales—not up to the average—we sold off our place in yearling sheep and wool \$30,000 worth. After hiring 15 to 30 men for every day in the year and paying all other expenses of a plant of our kind we barely had a margin of profit. This year, 1911, with prospects of putting wool on the free list and the kindred feeling of the sheep interests, we are compelled now, in April, 1911, to sell yearling mixed sheep for \$2 per head, while one year ago the same quality yearlings readily brought \$3 50 per head. One year ago the average price of our quality of wool sold here in the fleece for 15 cents.

The prospects to-day are that this year's clip will sell at one-third less in price than last year, and in fact there are no buyers in sight at any price.

The Congress can readily see where the sheep and wool business has gone out here in Oregon in one year with the simple agitation of the putting of wool on the free list. If you or any set of living men can calculate how we can stay in the business and live—with high labor (for we can not cut wages when only the very best that money will hire will answer our purpose), high living expense, and high taxes—you can do more than humanity in these parts have been able to do. We are anxiously awaiting the termination of this agitation of the tariff question. Meantime we are offering our lands for sale at the minimum price, and we are willing, with the present prospects in view, to go out of the business. But until such time as we can close out our affairs we, the three of us, with all we have put into this sheep business, and the

chance of losing it all through this depression, absolutely expect to work for nothing.

Very respectfully, yours,

GEO. J. CURBIN & SONS,  
Heppner, Morrow County, Oreg.

APRIL 26, 1911.

Gentlemen, I could fill a volume with just such expressions from men that are engaged in the business.

Sheep growing, having a valuation in 1910 of over \$283,000,000, and represented and owned by about 785,000 men, should be of importance enough in itself to make the industry worth preserving. However, if its rights of existence are dependent upon something more than intrinsic value, I can cite to you many reasons of great importance.

From personal experience and knowledge of the West, I do not hesitate to assert that sheep husbandry has advanced that vast domain in wealth a quarter of a century. The men who have been and who are to-day developing the West are the home builders. In the early days, when mining and cattle growing predominated, towns were small and far between. It has been said of the first railroads that were built that they seemed like bridges thousands of miles long, connecting the fertile spots between the Atlantic and Pacific Oceans. The development of this vast region is one of the marvels of all ages. It commenced, as we know, when the man with the plow came. At first progress was slow, discouraging to stay, impossible to leave. There was land everywhere, natural grasses, flowers, and weeds, virtually free for the man who could utilize them. Following the pioneers came the sheep. They for a time subsisted upon the natural grasses and browsed the year round, but it was soon found more profitable to feed during the winter months than to take chances of heavy losses. The sheepmen became the buyers of the products of the farmers, the farmer and the flockmaster working hand in hand, frequently the flockmaster becoming also a cultivator of the soil and the former also a flockmaster as well. By this happy alliance grasses that had for ages flourished and died or been consumed by buffaloes and wild horses became converted into money, and so it has continued until the present time. I myself have bought the farmers' product—corn, oats, and hay—in Kansas and Nebraska at from 10 cents to 75 cents per bushel for the grain and from \$1.50 to \$10 per ton for hay.

When transportation became convenient and cheaper and the East developed her great manufacturing industries and required food supplies, the Middle States were prepared—and sheep husbandry, mind you, had been of untold benefit in this preparation—so when the products of the farm became too valuable for profitable use by the sheepmen they followed on after the man with the plow—westward. The plains lands of Colorado, moistened by the waters of the snow-capped peaks of her mountains and kissed by the warmth of perpetual sunshine, yielded bountifully to the busbandman, and soon he found himself in the same position as were the farmers in the earlier days in Kansas and Nebraska, possessed of surplus products and without a market.

In Colorado, I myself have bought alfalfa hay at from \$2 to \$8 per ton; wheat and barley at from 55 cents to \$1.25 per hundred-weight. These extreme low prices prevailed in the latter eighties



and early nineties, but with the growth of the sheep-feeding industry in Colorado—for several years past there having been fed in that State about 1,000,000 sheep and lambs a year—the Colorado farmer is insured a stable market for his hay and his grain.

Gentlemen, it is little less than a crime that the feeders of sheep and lambs scattered now throughout the East and West and the Middle States, should make a loss on this last winter's feeding, conservatively estimated at \$6,000,000. There is no question but what the agitation for free wool and mutton is largely accountable for this disastrous loss. Do you think—permit me to ask—that these serious losses will encourage and perpetuate the production of mutton? Most surely not.

On the other hand I know many men who are completely discouraged and who say that as long as they must take chances of ruinous markets, caused by needless and thoughtless agitation, they will never again feed a sheep.

In confirmation of my opinion, I will read a letter from Senator W. H. Drake, of Fort Collins, Colo. Senator Drake has fed a great many lambs and sheep for 20 years. He is a man well posted on affairs and competent to judge of the effect of adverse legislation.

He was State senator for two terms and member of the State board of agriculture for a number of years and has given much of his time and worked hard for the up-building of the agricultural resources of Colorado.

FORT COLLINS, COLO., May 11, 1911.

Mr. S. W. McCLURE.

MY DEAR SIR: YOUR letter received and contents noted. I am very sorry that I can not come and testify before this committee. The truth is that I fed 43,000 lambs this winter and lost so much money that I can not even spare the time.

The thought that the Democrats were going to take the tariff off wool has cost my partners and myself between forty and fifty thousand dollars this winter. If Congress admits frozen meats free it will ruin both the grower and feeder. Our rich Colorado alfalfa lands will depreciate one-half in value in almost no time.

I further believe they are determined to do this and that no amount of argument will do any good. It will be necessary to establish free-soup houses in every block in the United States before people will change their mind. When they do we will have another period of 30 or 40 years of prosperity under Republican rule. That is after they get tired of soup.

Yours, truly,

W. A. DRAKE.

Mr. Chairman, along in January I met Senator Drake and he showed me some pictures. He had just returned from a trip in Canada—through the Province of Alberta—and he had several pictures of steers that he found grazing up there in the open country, and the pictures show, and Senator Drake says it is true, that those steers were in fine condition, almost good enough at that time for export purposes. Senator Drake was so much taken with that country that, having in mind that possibly the markets of the United States would be open to the products of Canada, he bought some land up there, bought it very cheap, land that can be irrigated, that cost him one-fifth of what his lands are worth out at Fort Collins, Colo. He looked up the matter of buying sheep in this country—lambs—and taking them up to that country, feeding them, and returning them to the Chicago market, and he found that he could do this: He could buy lambs in Montana, take them into that country,

buy feed to fatten them, and return them to Chicago, with a shorter haul and consequently at a smaller freight rate, at less cost than he handles his business at the present time, going into New Mexico, Idaho, or Oregon and buying his lambs and feeding them in Colorado. He says, "I have my interests up there, and if they don't want me producing food products and employing labor in the United States I can go to Canada and do the work up there," and that bears out the statement that Senator Nelson made and Mr. Hagenbarth has made, and I could go on and name a great number of men I know, not drifters, if you please, but men, who, like Senator Nelson said, in the early days were accustomed to building their cabin out on the Government land with the hope that in time they might afford a more comfortable home. We can not get Government lands here at the present that are situated convenient to transportation, but there are millions and millions of acres in Canada ripe and ready for the husbandman, and Canada is inviting us to come up there and help in their development.

I stated that civilization had been advanced in the great West by the sheep industry. Had it not been for the sheepman employing at times the ranchmen and their sons and providing them with a market for their hay and grains, it would have been impossible for them to have stayed.

The men with the plow and the men with the shepherd's crook, gentlemen, are the men who believe in founding homes and concerning themselves with the God-given blessings, mothers and children, churches and schools, and I defy any man to point to a considerable area of the great West where the creation of wealth and the advancement of civilizing influences have not been accelerated, if you please, by sheep husbandry. I think it would be true to say the same of New England and the eastern Middle States, for in the early days the pioneers therein were assisted in surrounding themselves with comforts by profits from woolgrowing.

The agricultural interests of the South laid dormant until the demand for their farm products and wise legislation protecting the products that needed it from ruinous competition afforded a market at prices remunerative to the producer. Cotton growing was given a wonderful impetus when the value of cotton seed was discovered, and I want to say to you gentlemen who are especially interested in the welfare of the South that the sheep industry has and will continue to benefit you more by the use of cottonseed cake and meal for fattening sheep than you will ever receive from having the use of the Canadian market opened free to the products of cotton seed.

I have never personally gone through this vast country in Canada. Senator Drake tells me that the soil and the climate there are especially adapted to growing flax; flaxseed and the products of flaxseed to a great extent come into competition with cottonseed products, another important point that should be considered from the viewpoint of the southern interests.

Further, it will follow in the South as it has in New England and our Middle West, that the fertility of the soil must be considered, and this brings us to another valuable factor to consider with reference to the value of the sheep industry. Sheep are not only conservators of our natural resources, such as grasses, weeds, and browse, but they enrich the soil and increase its productiveness. Clover and

sheep properly managed would restore to their original state of fertility the run-down, worn-out, and abandoned New England farms in a decade. The cotton growers of the South will, sooner or later, be obliged to provide for the enrichment of the soil. This condition, as I understand it, is already a problem with them, as it is also with the corn grower of our Middle States and the wheat growers of Minnesota and the Dakotas.

Mr. Chairman, I have brought some pictures, as I have said, of some sheep growing in Idaho. The flock was started about 14 years ago with 400 ewes. The increase from this flock up to last fall has brought the number up to 3,000 breeding ewes, and next fall we expect to have 4,000. We have a total of about 7,400 head. I will pass these pictures to Senator Heyburn. Gentlemen, those sheep, when the pictures were taken, had come down from the mountains, where they had summered, and were taken about the 1st of October to the pastures and there remained during the breeding season until the 1st of November, and the pictures were taken on that day.

Senator HEYBURN. Let me ask you just where this picture was taken.

Mr. KNOLLIN. Taken on what is known as the Knollin's Blackfoot ranch, in the Blackfoot River district in Idaho.

Senator HEYBURN. Between Soda Springs and Blackfoot?

Mr. KNOLLIN. Yes, sir; 12 miles north of Soda Springs. There was a shearing corral about 10 or 12 years ago on this land and the land was on an open trail, many sheep crossing the river on a bridge at this point, and, gentlemen, there was no more grass growing there at that time than there is in the corridors of this building; absolutely no grass; and I fenced it and kept it fenced for two years, sowing in grass seed and harrowing it, and two years ago those pictures were taken.

Two years ago we had pastured 4,000 sheep there—the day those pictures were taken—for 32 days, and if I remember right, Dr. McClure figures that out that it was equal to pasturing one sheep to the acre for six months and we have not reached the limit of the possibilities of improving this pasture. I can pasture more sheep there now than then, but would be obliged to cut the hay. The grass grows very high there now, too rank to make good pasture; we will get better results if we mow this grass and turn the water over it and let the second crop come up; by doing that we will have much better pasture when we bring our sheep down for breeding. Eleven hundred lambs had been taken from their mothers 32 days when those pictures were taken, and they do not look bad; they were fat. And you will observe that there is considerable grass left. I think I have one pasture that has been fenced for 15 years that will run two sheep to the acre and a milch cow to four or five acres and the work horses. At the time I took it, it would not run 10 sheep through the summer.

Senator HEYBURN. How much hay do you feed per hundred sheep, or any other unit?

Mr. KNOLLIN. That varies greatly according to the years.

Senator HEYBURN. Well, take an average year.

Mr. KNOLLIN. Well, on the average we will feed around 100 to 125 tons per thousand sheep. This particular flock we lamb in March under shed, and it takes considerable more hay and we feed them

considerable grain. I have statements to show exactly what they consumed.

Senator HEYBURN. You can put that in the record.

Mr. KNOLLIN. I will; yes, sir.

Senator HEYBURN. Is the cost of producing sheep about the same in your section of the State as it is on the Wood ranch where Mr. Hagenbarth's sheep are?

Mr. KNOLLIN. In the Soda Spring country I would say about the same. I have an interest in sheep that we run on Little Lost River where I can run them a little cheaper than the Wood live stock people can.

Senator HEYBURN. Would you do that at some expense to the sheep?

Mr. KNOLLIN. No, sir; I do not. We have some very fine sheep there, and further we have a small area of country that is a good winter range, but it would not be safe to take sheep out there without any provision being made for feeding them in the winter for they might be snowed under. We winter them out partly and don't have so much hay to feed, and we can grow our sheep a little bit cheaper over there than we can farther south and east, in the State.

Senator HEYBURN. Do you raise your own alfalfa?

Mr. KNOLLIN. We raise nearly all of it now. In the earlier times, however, we bought it. Our production of hay has increased and our sheep production has increased. I have a statement showing how many sheep we shipped years back and how many at the present time.

Senator STONE. Do you raise alfalfa on the highlands or the lowlands?

Mr. KNOLLIN. It depends on the conditions. Our lowest lands lying right next to the river are not our alfalfa lands. What we term our bench lands grow the best alfalfa.

Senator HEYBURN. Where you get water on it?

Mr. KNOLLIN. Yes, sir; and where the drainage is good. Alfalfa will not grow very well on our wild meadow lands that are under water part of the year.

Senator STONE. Have you arrangements made for putting water on the land?

Mr. KNOLLIN. Yes, sir.

Senator STONE. Or do you depend on the rainfall?

Mr. KNOLLIN. No, sir; we irrigate.

Senator HEYBURN. Are all your lands irrigated?

Mr. KNOLLIN. No, sir. I will modify that by saying, so far as the lands are concerned that I am interested in, practically all of them can be irrigated, but we have not developed them to that point yet.

Senator HEYBURN. From what stream would you bring water to irrigate this land?

Mr. KNOLLIN. From Little Lost River.

Senator HEYBURN. From those rivers in the country about Soda Springs?

Mr. KNOLLIN. From the Portneuf River, Toponsee Creek, and Twenty-four Mile Creek; we gather water from those streams.

Senator HEYBURN. Your water is all on the west slope of Bear River?

Mr. KNOLLIN. Well, north of Bear River.

Senator HEYBURN. The Government has made an adverse report on Bear River.

Mr. KNOLLIN. We do not get any water from Bear River. We use some water from the Blackfoot River on some of the land.

Senator HEYBURN. Well, you afford the principal market for the hay that is raised down there, the cattlemen and sheepmen, do they not?

Mr. KNOLLIN. Yes, sir; they do, indeed.

Senator HEYBURN. There would be no use in raising alfalfa and paying water rates for raising it unless you had your market.

Mr. KNOLLIN. No, sir. I know that a year ago last winter we had a very hard winter, and it was necessary for the sheepmen and cattlemen to buy hay late in the spring at exorbitant prices which we could not afford, but the hay was scarce and the farmers who raised it took advantage of the situation, and we paid as high as from \$12 to \$18 a ton for hay. Last year the farmers started out asking \$6 or \$7 a ton for their hay, and the sheepmen did not feel that they could afford that price for it.

Senator HEYBURN. The farmers carried it over?

Mr. KNOLLIN. Yes, sir. The winter was favorable and the sheepmen thought that they could get through without much hay and consequently did not buy it, and there are thousands of tons, I am told about 40,000, of hay in one district there that could not be sold this spring.

Senator HEYBURN. Could they not ship that elsewhere; could they not ship that hay to the markets?

Mr. KNOLLIN. The great transportation cost would make it so high they could not afford to ship it to the market centers.

We have, too, another valid and important reason for encouraging sheep husbandry.

During the fiscal year July 1, 1909, to June 30, 1910, there were slaughtered in the United States, under Federal inspection, 11,149,937 sheep, and of this number only one-tenth of 1 per cent were condemned, by far the least condemnation of any of our domestic animals slaughtered. Could a better argument be advanced than this? I believe, gentlemen, that you will agree with me that the health of our sheep should not be jeopardized by the admittance of animals from foreign countries, and that the production of meat, practically pure, should be encouraged.

I have still another very important reason to present. We need the sheep, gentlemen, for their industrial habits. They gather, when given the opportunity, from the waste places on our farms, in the fertile valleys of our mountains, from the hills, the rugged mountains, and from the desert, not only sustenance for their own living, but they provide food and raiment for the comfort of mankind and increase the productiveness of the soil on which they graze.

In Utah and Nevada and part of Idaho and Oregon we have what is known as the desert country, land that up until the present time it has not been possible to provide water for irrigation, and there is practically no rainfall in the winter in that country. There is a little rain in the spring that starts the grass, and it grows sparsely, and there are hundreds of thousands of sheep taken out on those deserts in the winter, depending upon the snow in the foothills and the mountains and that which sometimes falls on the desert for

water. There is no other animal that can live out on those deserts and gather in the feed that grows there, excepting the sheep.

Senator SMOOT. That is the principal range for many of the sheep in the West.

Mr. KNOLLIN. Yes, sir. And we have in that section of the country a great deal more range—that is, we can carry more sheep on those deserts than we have summer range for at the present time.

Senator HEYBURN. They eat white sage, don't they?

Mr. KNOLLIN. All kinds; the bud sage, and black sage when the snow is deep. The bud sage does not grow very high and it has a little tender bud on it. I think there are some 10 or 15 varieties of that sage the sheep eat.

Senator STONE. How many sheep have you?

Mr. KNOLLIN. All told?

Senator STONE. Yes.

Mr. KNOLLIN. I have now an interest in about 42,000 grown sheep, and the lambs this spring I suppose would bring it up somewhere around 70,000.

Senator STONE. Are they in Idaho?

Mr. KNOLLIN. About half in Idaho.

Senator STONE. Where are the others?

Mr. KNOLLIN. In New Mexico.

Senator STONE. What kind of grass have you on your sheep range in Idaho?

Mr. KNOLLIN. Snow falls in my part of the State of Idaho early in the fall, usually before it freezes, often to a depth in the valleys in the lower countries on a level from 3 to 5 feet and in the mountains from 15 to 60 feet in drifts, and that prevents the ground from freezing. In the spring, when the sun comes out, just as soon as the snow melts the grass starts. We have a great many varieties of grass there; we have the blue stem, and the Kentucky blue grass is coming in out there where the country has been grazed over by sheep, to the surprise of all of us, without the seed ever having been sown. Any kind of grass does well in that country if you sow it and irrigate it to start it. But, as to our native grasses, there are untold varieties. We have browse of the Buck and the brush and the different kinds of brush on the sides of the mountains.

Senator STONE. Have you any buffalo grass?

Mr. KNOLLIN. No, sir; we do not have the buffalo grass.

Senator STONE. Have you the grammel grass?

Mr. KNOLLIN. Not a great deal of it. We have those in New Mexico on our ranges there, but in Idaho it is more of a blue stem, and this grass that I speak of as growing up high in the pastures is a different kind than we use and find in the mountains on the foothills. It is grass that grows along the streams.

Senator STONE. You have the blue stem?

Mr. KNOLLIN. Yes, sir; and timothy.

Senator STONE. Do you run any cattle on your Idaho range?

Mr. KNOLLIN. I am more especially engaged in the sheep business, but on each one of those ranges we have a certain amount of land along the streams that grows coarser grass that is not suitable for sheep, and we keep enough cattle to feed that off; and we feed the tops and bottoms of our haystacks to cattle, feed that sheep will not eat.

Senator STONE. About how many cattle do you run on the range?

Mr. KNOLLIN. In this particular range we aim to keep about 300.

Senator STONE. Do you feed them in winter?

Mr. KNOLLIN. We feed these cattle the tops of our haystacks and the bottoms that sheep won't eat, these coarser grasses that grow along the river.

Senator STONE. Do they feed on grass during the winter?

Mr. KNOLLIN. Yes, sir; quite a little.

Senator KERN. That is on the Colorado?

Mr. KNOLLIN. No, sir; in Idaho. We have oat straw that we feed that they do well on.

Senator STONE. Do you have to feed your sheep through the winter or do they range out?

Mr. KNOLLIN. Some of the sheep that I am interested in—those you see pictures of—are fed every winter all winter through; we start feeding the 1st of December, and last year was the latest we ever ran them on our pastures; we fed them from the 2d day of January. I should say they averaged from the 15th day of December until we turned them out the 10th day of April. During the winter they are fed just the same as any sheep in this country, except out there we have a fall of snow at intervals that keeps the ground clean, and we feed our sheep hay out on the snow—scatter it right out on the snow—and they pick up every particle of it clean. We are not equipped with troughs and hay racks like eastern feed lots.

Senator STONE. Is it true that neither sheep nor cattle can go through the winter in Idaho unless they are fed? I mean can they subsist on a range without feeding them hay or grain?

Mr. KNOLLIN. That was the condition years ago, excepting that, so far as I am concerned, I never wanted to take the chance of heavy loss, and I have always provided feed for protection against storms; I thought it was cheaper to feed them than to take chances of heavy losses. I remember one time of furnishing money with which to buy a lot of sheep to sell. I was in partners with a young man. We were to winter them in Nevada, and I said, you had better buy seven or eight hundred tons of hay and provide feed for the sheep in winter. He said he did not think that was necessary. I said I thought it very essential. He thought it over and figured it out, and finally said we would have to pay so much for the hay that we could afford to lose so many sheep before we would be money out of pocket. I told him that I was borrowing money to buy those sheep, and that I could not borrow money on dead sheep, and I wanted to buy the hay. Now, at this time, a man who will undertake to run sheep in Idaho the year around without providing for feed is tempting Providence.

Senator STONE. Well, the sheep that you have just been speaking of, where the young man did not want to buy the hay. Did you buy it?

Mr. KNOLLIN. Yes, sir.

Senator STONE. How long ago was that?

Mr. KNOLLIN. That was about 1898, about 12 or 13 years ago, as well as I can remember.

Senator STONE. Well, even that far back would you consider it safe to let cattle run without any preparation for feeding?

Mr. KNOLLIN. No, sir.

Senator STONE. You would not be willing to take the chances on the range?

Mr. KNOLLIN. I preferred a safer investment and smaller profits.

Senator STONE. Well, in your experience, was there any time in Idaho when you could do that?

Mr. KNOLLIN. Yes, sir.

Senator STONE. Safely?

Mr. KNOLLIN. No, sir. You could not know beforehand what the winter would be. There have been years when sheep have been wintered throughout without feed, year after year, and then there might have been a bad year when they would have a heavy loss, which would practically wipe out all the profits of the good years.

Senator STONE. Isn't that true of cattle, also?

Mr. KNOLLIN. Yes, sir; more true of cattle than sheep, in my opinion. Sheep will stand the storms where cattle will not.

Senator STONE. Well, Alberta is the Province north of your State?

Mr. KNOLLIN. Yes, sir.

Senator STONE. How far is that north of where you are running your ranches?

Mr. KNOLLIN. It is about four, five, or six hundred miles north, I should say. I am running in southern Idaho; well, probably 400 miles.

Senator STONE. Well, it is as wintry and cold up there as it is down in Idaho, is it not?

Mr. KNOLLIN. Decidedly not.

Senator STONE. How is that?

Mr. KNOLLIN. No, sir; the climate in Canada is milder than in Idaho. I am speaking of where I am running my sheep, which is from 4,500 to 6,500 feet elevation; in Canada their elevation is lower and they have what they call the Chinook winds; they do not reach us in southern Idaho. The conditions up there are more as they are in Montana. In Montana it is a safer proposition to run sheep or cattle out on the range all the year round than it is in Idaho.

Senator HEYBURN. You are speaking of southeastern Idaho?

Mr. KNOLLIN. Yes, sir.

Senator HEYBURN. Northern Idaho has the Chinook winds?

Mr. KNOLLIN. Yes, sir; they do not have the snow there that we do in Idaho, the wind piles it into drifts and leaves more exposed ground.

Senator STONE. Well, taking Idaho and Alberta, is the temperature during the winter months lower in Idaho than it is in Alberta?

Mr. KNOLLIN. Do you mean taking the State as a whole?

Senator STONE. Yes; not any particular point on the mountains.

Mr. KNOLLIN. I have not looked up that particular point. My judgment is that the temperature will average lower in that country, one week with another throughout the winter, than it will in Idaho.

Senator STONE. I would suppose ordinarily that as far north as that in the winter time it would get colder, or at least not get warmer.

Mr. KNOLLIN. It is out of the question to run sheep in that section of Idaho where the temperatures are high in the lower country, for those lands are worth from \$200 to \$500 an acre for fruit-growing purposes. The sheep have been driven out of those countries to the lands which are not so profitable to cultivate.

Senator STONE. That is the case in every western State.



Mr. KNOLLIN. Absolutely in every State that I am familiar with, and I know most of them.

Senator HEYBURN. If the altitude in Idaho varies from 260 feet above sea level to 10,000, you would get most any kind of climate.

Mr. KNOLLIN. The sheep you see here in the pictures are fed in winter about 25 miles from Soda Springs. Near the town of Chesterfield we have an elevation of 5,400 feet. They run on the Caribou National Forest, where they go to the height of perpetual snow, ten to twelve thousand feet. The feed that grows up on those mountains gathered by the sheep brings great wealth to that country. It would be absolutely wasted except for the sheep, because the cattle never go up to those altitudes and never go out into the timber. The browse and the weeds and grasses that grow on our timber lands are a class of feed that horses and cattle do not like, but sheep thrive on that kind of feeding, and in that connection I want to say at the present time that within the last six months the National Forest Service has been looking into the matter of rates, so that sheep could be brought in from Oregon and Washington and stopped in transit in northern Idaho, in that region where the forest fires prevailed a year ago, and where they break out so frequently, to bring the sheep in there and graze them during the summer in these forests, as a protection against fire.

I have run sheep on the Caribou National Forest, a territory that is 70 to 80 miles long, irregular in shape, and I think would average about 30 miles wide. I have traversed every trail through that forest for years, and I have never known of a forest fire in those mountains, and there are more sheep in those forests to-day by 100 per cent than when I first went there.

Senator HEYBURN. There is more danger in uninhabited forests of forest fires than there is in those that are inhabited?

Mr. KNOLLIN. Yes, sir; why, our camps are there, and we must protect them, and we are on the lookout every moment for fire. Our men are trained to look out for these things, and it would not make any difference if a fire started off some distance from our camp, it would be in our interest to go there and help extinguish these fires in their incipency. There has never been a fire in that territory since I have been there; but, mark you, there are all through these areas of dead timber, standing and fallen, that before the time of the sheep were ravaged by forest fires. At that time those forests were at the mercy of the careless hunter or the casual traveler. And there is a risk in our business from fire. Our sheep are in there, and you could not possibly move these sheep in those rugged mountains more than 24 or 3 miles a day, and if those forest fires got under way it would be a serious matter for us.

Senator HEYBURN. Did you ever know of a forest fire starting at a settlement in a forest?

Mr. KNOLLIN. No, sir.

Senator HEYBURN. Nor has anybody else.

Senator STONE. You have 42,000 sheep in Idaho?

Mr. KNOLLIN. No, sir; I have about 42,000 grown sheep, and about half of them are in Idaho and half of them in New Mexico.

Senator STONE. Well, about 20,000 sheep in Idaho?

Mr. KNOLLIN. Yes, sir.

Senator STONE. How much land do you own on your ranch or ranches?

Mr. KNOLLIN. About 6,000 acres.

Senator STONE. I see these sheep are said to be the property of Knollin & Finch.

Mr. KNOLLIN. Yes, sir.

Senator STONE. When did you begin with that flock?

Mr. KNOLLIN. In 1896.

Senator STONE. And you have built them up now to over 20,000 head?

Mr. KNOLLIN. No, sir. We have in Idaho about 4,000 head, in which lot Mr. Finch is interested with me, and we have lambs that will bring the flock up to about 7,000.

Senator HEYBURN. Why don't you explain that you have these different flocks?

Mr. KNOLLIN. Yes, sir; I have different interests.

Senator STONE. How much land is there in there [referring to the pictures]?

Mr. KNOLLIN. About 800 acres; part of that is leased land. We have another pasture of about 1,800 acres—partly leased land. Besides that we have our home ranch, where we grow our feed, of about 2,200 acres.

Senator STONE. How many sheep are in the Knollin and Finch flocks?

Mr. KNOLLIN. About 7,400 head, including this spring's lambs.

Senator STONE. You started that flock with 400?

Mr. KNOLLIN. Yes, sir.

Senator STONE. And it has been increased to 7,000?

Mr. KNOLLIN. Yes, sir; including lambs and rams on hand carried over from last year.

Senator STONE. How many lambs have you this year?

Mr. KNOLLIN. We turned out about the 10th of April this year 2,850 ewes and 2,975 lambs.

Senator STONE. Now, coming back to the lands, how many acres of land do you use in raising these 7,000 sheep of the Knollin and Brinck flock?

Mr. KNOLLIN. Including the natural forests that we run on in summer?

Senator STONE. I do not know what you use; I am asking you what you use.

Mr. KNOLLIN. We have about 6,000 acres of fenced land and lands leased, and deeded lands.

Senator STONE. How much do you own of the 6,000 fenced acres?

Mr. KNOLLIN. I should say about half of it.

Senator STONE. About 3,000 acres?

Mr. KNOLLIN. Yes, sir.

Senator GALLINGER. Is it all paid for?

Mr. KNOLLIN. No, sir.

Senator STONE. Do you own other adjacent lands outside of these fenced lands?

Mr. KNOLLIN. No, sir; the first thing I did when I bought the land was to put a fence around it.

Senator STONE. And all the land you own and upon which this herd is grazed is under fences?

Mr. KNOLLIN. Yes, sir.

Senator STONE. About 3,000 acres of it being yours and 3,000 of it public lands?

Mr. KNOLLIN. Well, no; not public lands. It is State land, school land.

Senator STONE. Well, that is public. I do not mean the United States, necessarily.

Mr. KNOLLIN. Oh, I beg your pardon.

Senator STONE. I did not care whether it was Government land or State land. It is all public land in a sense.

Mr. KNOLLAN. We have no way of getting hold of National Government lands to fence them.

Senator STONE. Are there any National Government lands in your inclosure?

Mr. KNOLLIN. No, sir.

Senator STONE. All the lands that are inclosed belong to you or to the State?

Mr. KNOLLIN. Yes, sir.

Senator STONE. The State lands being school land?

Mr. KNOLLIN. Yes, sir. We have bought some State lands and school lands.

Senator STONE. How long have you owned these 3,000 acres?

Mr. KNOLLIN. I think the first piece of it I bought about 15 or 16 years ago and I have been buying since, up until three years ago. I have not bought anything in the last three years.

Senator STONE. Up to how long ago?

Mr. KNOLLIN. About three years ago.

Senator STONE. What did you pay for land that you bought 16 years ago?

Mr. KNOLLIN. For the State lands I paid \$10 an acre.

Senator STONE. How much?

Mr. KNOLLIN. Ten dollars an acre, for the State lands.

They can not be sold at a less price. They must be sold for that much. The other lands I have bought, I have paid from \$3.50 an acre, that is principally grazing land, but adjoining onto my farming land I have paid up to about \$25 an acre for the farming land.

Senator STONE. Running from \$3.50 to \$25 an acre?

Mr. KNOLLIN. From \$3.50 to \$25 an acre; yes, sir.

Senator STONE. What did you pay for land that you bought two or three years ago?

Mr. KNOLLIN. That is the highest priced land I bought. I paid from \$20 to \$25 an acre.

Senator STONE. Were the lands you bought, and for which you paid \$25 an acre, public lands or school lands?

Mr. KNOLLIN. No, sir; that was deeded land.

Senator STONE. They were deeded lands?

Mr. KNOLLIN. Yes, sir.

Senator STONE. Deeded by the State?

Mr. KNOLLIN. No, sir; deeded by the Government.

Senator STONE. Well, patented by the Government. But were they really State lands?

Mr. KNOLLIN. Well, in Idaho we distinguish between State lands and Government lands because the State has control over her own lands, but they have no control over Government lands.

Senator STONE. I understand that. This land you bought two or three years ago, for which you paid \$25 an acre, was that land the Government had patented directly to individuals?

Mr. KNOLLIN. Yes, sir; they had homesteaded that land, lived on it, and made final proof. This particular land I speak of was bought from a family that had lived there about 17 or 18 years, and they partly improved it. They had cattle on it, but sold out the cattle, and then I bought the ranch.

Senator STONE. What do you consider that land worth now—the 3,000 acres?

Mr. KNOLLIN. I have put in improvements, cut out the sage brush, broke up the sod and leveled it, built ditches and fences and other improvements which have cost us a little bit more money than the original cost, and the land is mostly being carried on my books at just what it did cost, improvements added. I would think the land is worth to-day just about what it stands me on my books; that would about double the original cost. That would represent the value, I would think, now.

Senator STONE. Well, state it in dollars. About how much?

Mr. KNOLLIN. Grazing lands have not increased in value so much. I think perhaps the \$3.50 land would be worth \$5 now, and the lands that have been agricultural lands—all that have been bought for from \$10 to \$25 an acre—would be worth \$15 to \$60 an acre, according to how they are located.

Senator STONE. You are speaking now of the 3,000 acres in those fences?

Mr. KNOLLIN. Yes, sir; it is a little difficult to speak about each individual tract.

Senator STONE. How much rent do you pay for the school land that is within that inclosure?

Mr. KNOLLIN. The minimum price that school land can be rented for is \$48 a section a year, but they are often put up at auction if there is more than one applicant, and sometimes the rental runs up to double that amount or more.

Senator STONE. Well, you know what you are paying for the land in this inclosure?

Mr. KNOLLIN. At the rate of \$48 a section a year.

Senator STONE. Forty-eight dollars a section?

Mr. KNOLLIN. Yes, sir.

Senator STONE. How long does the lease run?

Mr. KNOLLIN. Five years in my case; that is, from the original date of the lease.

Senator STONE. How much land in that inclosure is cultivated land?

Mr. KNOLLIN. At the present time I have 75 per cent, I should say, of my deeded land cultivated and none of the leased land cultivated, except that we have sown some seed on it and cultivated it with a disk to increase the growth of grass.

Senator STONE. Is this tract of 6,000 acres all within one inclosure?

Mr. KNOLLIN. No, sir; there are three separate inclosures.

Senator STONE. Well, you have public land and your individual land embraced in the same inclosure?

Mr. KNOLLIN. No, sir; my land is inside of the fences; the public land is outside of the fences.

Senator STONE. Well, is your land blocked in one body?

Mr. KNOLLIN. No, sir; it is not blocked.

Senator STONE. Well, I supposed the public lands and the private lands ran in something like alternate sections.

Mr. KNOLLIN. They do. But not in that particular country. There were no grants through there to the railroads, so that the railroad companies would own one section and the Government would have the other section.

Senator STONE. Are you grazing your sheep on any lands which you are not renting or paying for?

Mr. KNOLLIN. Yes, sir.

Senator STONE. How much land do your sheep run over that you are not paying for?

Mr. KNOLLIN. Well, when our sheep leave our home ranch and go out on the public domain, where we camp to-day some other person may camp to-morrow. We move along toward our summer range and we traverse a piece of country in coming from our home range to our summer range, about 50 miles, and we will vary our route according to where other camps are located, so that we will cover a territory perhaps narrowing down to the passes of the mountains of less than a quarter of a mile and spreading out in the valley 3 or 4 miles, what we call the trail.

Senator SMOOT. The summer ranges are on the national forests?

Mr. KNOLLIN. Yes, sir.

Senator SMOOT. What do you pay for them?

Mr. KNOLLIN. In Idaho we pay 6 to 12 cents an acre—6 cents in the summer and 12 where we are obliged to pay for winter grazing also—that is, per head.

Senator STONE. Still, a good deal of the summer grazing is done on land that you do not pay anything for?

Mr. KNOLLIN. That would be the public lands; yes, sir. We are on that country just a little in the spring and a little while in the fall; but that country in all parts of the State has been so taken up with dry farming that it is pretty near necessary now to travel through lanes from our summer ranges down to our winter quarters.

Sheep and the shepherd's care of them, as symbols of innocent dependency, love, and faithfulness, have been beautifully illustrated in story and song. The song of David, "The Lord is my Shepherd; I shall not want," has brought cheer and comfort to the sorrowing heart and warmed into life the deepest and best attributes of humanity for ages past and will for all time to come.

As the growing of cotton has been more rapidly developed since valuable use has been made of the seed, insuring a higher and more stable market, so has the growing of sheep been augmented by the increased demand for mutton. In the year 1885 there were slaughtered not to exceed 2,500,000 sheep. Twenty-five years later, in 1910, we slaughtered to exceed 15,000,000 sheep and lambs.

I have given the matter of Canadian reciprocity and the Underwood farmers' free-list bill careful thought, and from my point of view I can not perceive of benefits following their enactment into law, but I am confident that dire disaster will follow. I fail to see the value of lowering of the products of farm and ranch. If prices to the consumer are too high, let the existing conditions under which the products pass from the producer to the consumer be ameliorated. This can best be done by the producer and the consumer counseling

together, having in mind the welfare and not the destruction of each other. The preservation of the welfare of the producer means a continuance of prosperous conditions for the consumer. Were it desirable that it should be otherwise it would be impossible.

We will consider if your please, briefly, profits derived from growing sheep. Sheep like cotton furnish dual products. It has been charged editorially by the Chicago Tribune that wool was a by-product of sheep growing, something that cost nothing to produce and therefore was all velvet. To one who has a knowledge of the sheep industry such talk is not worthy of a moment's consideration, but unfortunately very few of the readers of the Chicago Tribune, or other publications that have taken a similar view of the matter, know that the editorials of such nature are written without fundamental knowledge of the subject necessary upon which to base statements of truth. Such false and misleading statements finding utterance through papers and publications of the standing of the Chicago Tribune do great harm.

I assure you, gentlemen, that neither wool nor mutton are by-products of sheep husbandry, but that sheep furnish dual products—wool and mutton. I will also state that the net returns to those engaged in sheep husbandry are small and that the prices they obtain for their products are not burdensome to the consumer. If, however, I sell the wool required for a suit of clothes such as I have on f. o. b. Arco, Idaho, and Roswell, N. Mex., for from \$1 to \$2.30, depending upon whether I get 8.7 cents or 20 cents a pound for it, or an average of \$1.57 in New Mexico and \$1.79 in Idaho, I am to be held accountable for the cost to the consumer of a suit of clothes varying from \$15 to \$35 is custom-made and from \$40 to \$65 if tailor-made? These differences in prices are in no wise governed, if you please, by what I get for my wool; but by the labor and the profits the wool accumulates in its journey from the back of my sheep to the back of the consumer. This, too, is true with reference to the mutton. If I produce it at a cost of 6 cents per pound in Idaho and New Mexico, am I to be blamed when you are charged from 35 cents to \$1 for two small chops weighing the fraction of a pound when served to you in the cafés of Washington?

My associates in the sheep business, likewise myself, in boyhood served a hard apprenticeship at farming and stock growing, and through the whole of our manhood we have worked too hard for that which we have to be willing to lose it without protest. In the conduct of our business we have endeavored to be progressive, yet economical, taking full advantage of the useful knowledge obtained from Government bulletins on farming and stock growing and from State agricultural colleges and experimental stations, endeavoring at all times to obtain maximum results with minimum cost.

I assure you, gentlemen, that the sheep business, as at present being conducted, shows fair earnings only. It could not be well conducted on closer margin. The difference in price of our products that I think it would make to us if our markets are opened free to the farm products of Canada and other countries will put us out of business, and when we go (by "we" I mean myself and associates) a majority of those who are following kindred pursuits will accompany us.

I do not say it boastingly, but I do believe there are few better-handled properties than the properties in which I am interested. I

take it from what I know and what I hear of the operations of others, that I am growing mutton and wool to-day cheaper than the average man. I have been at the business a long time and I have selected a good location and I have made a study of the industry, and, as I have said, endeavored to get out of it every cent there was in it; I do not feel I have reached the limit, but we are working right along with the view of improving our properties—sheep and lands. Statements that I have compiled for your information, if you care to see them, will show the weight of fleece has increased in our flocks, that the percentage of land has increased from year to year, and the class of mutton we raise has become better each year. The chops from the lambs which you see in those pictures will compare favorably with the chops from any lambs grown in England.

Following the policy of retaining our home markets for our home products and the protection of our labor, we have outstripped our neighbors on the north and all other countries of the world in the development of our natural resources. Continuing this policy, we will not only be able to continue feeding our own people at reasonable prices, but we will also help, as we have and are now doing, to feed millions of people living under less favored conditions.

I said the cost of mutton to the consumer had not been burdensome, and in confirmation of that statement I want to introduce into this record the average price of sheep and lamb sold on the Chicago market, and the Chicago market governs prices practically in all other markets, during 1910, as compared with a period covering six years, and I would like to have the tables, as shown on page 73, printed into the record. These tables are compiled by the Chicago Drovers' Journal, and I think when these figures are looked into no man can say that the high cost of living can be accounted for by the high cost of production, nor by the price the producer obtains for his products.

*Monthly average prices (per 100 pounds) of sheep and lambs at Chicago during 1910, with yearly comparisons.*

[Compiled by the Chicago Farmers and Drovers Journal.]

Months.	Native sheep.	Western sheep.	Yearling sheep.	Native lambs.	Western lambs.
January.....	\$5.50	\$5.65	\$6.75	\$8.20	\$8.40
February.....	6.10	6.75	7.70	8.50	8.75
March.....	7.15	7.65	8.40	9.80	9.50
April.....	7.10	7.65	8.00	9.00	9.15
May.....	6.40	6.70	7.25	8.15	8.80
June.....	5.00	5.15	6.20	7.35	7.65
July.....	3.95	4.30	5.30	6.80	7.15
August.....	4.00	4.25	5.45	6.40	6.80
September.....	4.20	4.25	5.40	6.40	6.85
October.....	4.00	3.90	5.00	6.55	6.70
November.....	3.75	3.70	4.90	6.15	6.80
December.....	3.85	4.00	5.10	6.00	6.20
Average for—					
1910.....	5.10	5.35	6.30	7.40	7.65
1909.....	4.95	5.00	6.00	7.80	7.80
1908.....	4.60	4.65	5.30	6.20	6.45
1907.....	5.20	5.25	6.00	6.85	7.10
1906.....	5.15	5.30	6.00	6.80	6.90
1905.....	5.00	5.05	5.80	6.75	6.90
1904.....	4.10	4.30	4.90	5.45	5.65
1903.....	3.85	4.10	4.90	5.40	5.45
1902.....	4.05	4.30	4.90	5.45	5.80
1901.....	3.75	3.85	4.30	4.75	4.85
1900.....	4.55	4.55	5.10	5.80	5.95
1899.....	4.35	4.30	4.80	5.45	5.50

*Monthly average prices (per 100 pounds) for native sheep at Chicago for seven years.*

[Compiled by the Chicago Farmers and Drovers Journal.]

	1910	1909	1908	1907	1906	1905	1904
January.....	\$5.50	\$4.85	\$4.75	\$5.10	\$5.35	\$5.10	\$3.85
February.....	6.10	4.85	4.90	5.15	5.00	5.50	3.85
March.....	7.15	5.30	5.75	5.35	5.20	5.50	4.30
April.....	7.10	5.50	5.65	5.45	5.35	4.95	4.70
May.....	6.40	5.90	5.40	5.70	5.45	4.60	4.90
June.....	5.00	5.25	4.80	5.80	5.30	4.70	4.30
July.....	3.95	4.05	4.10	5.25	5.15	5.10	3.80
August.....	4.00	4.40	3.90	5.25	4.90	5.00	3.60
September.....	4.20	4.55	3.65	5.15	5.10	4.75	3.50
October.....	4.00	4.40	4.05	4.75	4.80	5.20	3.60
November.....	3.75	4.50	4.20	4.40	5.00	5.20	4.05
December.....	3.85	4.90	4.20	4.10	5.00	5.15	4.50
Yearly average.....	5.10	4.95	4.60	5.20	5.15	5.00	4.10

Senator SIMMONS. What did you say it would cost you to raise sheep per pound?

Mr. KNOLLIN. The mutton that I have turned out every year, marketed from my sheep, will have cost, on a dressed basis, about 6 cents per pound at the original shipping point.

Senator SIMMONS. What do you get for it?

Mr. KNOLLIN. I have a table prepared here. I can go into detail in regard to it and will be very glad to.

The CHAIRMAN. Just file it and it will be printed.

Mr. KNOLLIN. I will state offhand on that point, to answer your question, I have figured that on a basis of the cost to the consumer or what the wholesaler can sell it for to the consumer in New York City, it runs a little over 9 cents a pound on mutton and a little over 12 cents a pound on lambs.

Senator SIMMONS. What I want to know—your statement may cover it, for I was not here when you read the statement, but I wanted to ascertain first what it cost you to raise it; you say about 6 cents. Now, I want to ask you what would a sheep raiser realize for that mutton?

Mr. KNOLLIN. This table here will give the market. I have tabulated statements of my own business that will give that detail information. I will be glad to go into it.

Senator SIMMONS. I don't want you to go into it if you file a statement.

Mr. KNOLLIN. Yes, sir; I have a statement I will file that gives detailed information as to the cost, and also as to the amount of money that is invested to grow a pound of wool, and detailed statement of expenses.

The cost of shipping our wool to Boston and selling it will run from 18 to 22 per cent of the gross proceeds, and about the same on our sheep. That is an expense that the grower of sheep and cattle out in the western countries can not get away from. In the future freights may become reduced as the tonnage becomes heavier over the railroads, and they get their roadbeds and equipment in shape to handle it cheaper. Then we may benefit somewhat from that, but it would not lower our cost materially.

I desire, finally, to illustrate the possibilities of sheep growing, and for the purpose we will take the State whose agricultural possibilities have been so thoroughly exploited by the Hon. F. D. Coburn, Kansas.



East of the Missouri and Mississippi Rivers, with the farming States of Kansas and Nebraska added, we have about 19,000,000 sheep, one-third of the entire number in the United States. In this territory Ohio leads, having 3,110,000 sheep, or 76 to the square mile; Florida, one-third larger than Ohio, has  $1\frac{1}{2}$  sheep to the square mile, while Kansas, a State well adapted to sheep husbandry and twice the size of Ohio, has less than 3 sheep to the square mile. In this entire district we average 1 sheep to 47 acres. If Kansas, Nebraska, and Iowa had the same number of sheep per square mile as Ohio, they, with Ohio, would contain 19,000,000 sheep, the number now in this entire section.

Illustrating further, by comparison with other countries, France and Spain, each having an area equal to about four-fifths that of Texas, have, respectively, 17,500,000 and 13,750,000 of sheep; Texas has 2,000,000; Bulgaria, with an area a little less than Kentucky, has 8,000,000 sheep; Kentucky has 1,000,000; Greece, that very small country, which we associate with art and literature rather than shepherds and their flocks, has 4,500,000 sheep on its 25,000 square miles; West Virginia, having the same area as Greece, has but 625,000; England and Scotland have 304 sheep to the square mile, whereas Kansas, as I have already mentioned, has less than 3 to the square mile.

Now, Mr. Chairman, desiring to stock the State of Kansas with 60 sheep to each one-fourth section, after bringing into that State all the sheep from the other States in this eastern territory, we would be obliged to bring from Texas their 2,000,000 sheep, and assuming that it would be practical to stock Kansas with sheep on the same basis per square mile as Great Britain, having brought all the sheep from east of the Missouri and Mississippi Rivers and from Nebraska and Texas, we have left enough land untrodden by the golden hoof to care for the sheep of Colorado and Wyoming.

Having placed 29,000,000 sheep in Kansas, we need not, I think, feel alarmed about providing for their feed, having 2 acres for every sheep.

In 1909 Kansas produced 147,000,000 bushels of corn, 25,500,000 bushels of oats, besides millions of bushels of other grains that are suitable for feeding sheep; 350,000,000 tons of hay, and as much more sorghum, kaffir corn, milo maize, and corn fodder—twice the quantity necessary for properly feeding the sheep.

If you have held in mind my quotation from the 1910 report of the Secretary of Agriculture that "the value of farm products has increased 186 per cent in 11 years," you will see that sheep have done their part toward making up this great increase in our agricultural wealth.

Gentlemen, if the products of the farms and ranches are reduced so that we can not get a fair profit out of, what will be the result? There will be a still greater flocking to the cities of the people from the farms, and history will repeat itself, and the farmers of the Middle West and the ranchmen of the far West will take up industrial enterprises, as has already been done in the Eastern States. "He is not compelled to dump his crops on the market at time of harvest." Why? Because "he has had a period of prosperity." With profits made, and, mind you, made legitimately, he has not only "paid off mortgages," but by the wealth created "banks have been established,"

and should prices be lower than cost of production he garners his harvest and holds until he can secure fair returns for his labor. Is it not better by far, Mr. Chairman, for the consumer, as well as for the producer, that this condition obtain? For, mark you, there is no record of successful corners in food supplies when the farmers' granaries and feed lots are full of grain and live stock.

Effect follows cause; and when this desired condition exists, the farmer and ranchman will furnish a regular supply to meet the demand of consumption. On the other hand, when prices are low and times hard, the harvest can not be garnered, but must be sold regardless of price, and this is the speculator's opportunity; he buys at prices so low that he can export enough of the crop to insure him a large profit on the balance by holding until the consumer must have it, and it is under such conditions that corners are successfully run. The bills we have under consideration, gentlemen, propose to place in competition with foreign countries the products of the farmer and ranchman, the only industries of our country impossible to trustify.

Mr. Chairman, I thank you for your attention to the statements that I have made. I have aimed in this preparation to be consistent. I am convinced, as I have stated, that the prosperity of this country depends greatly upon the prosperity of our farmers and ranchmen. If we are going to build, we must lay our plans, we must gather the material about us, and in order to do this and to employ workmen to do it we must have capital, and just to that extent that capital is forced out of the farming and ranch industry the industry will retrogress. As I have said, Mr. Chairman, I have some tables prepared here that will bear out the statements I have made with reference to the percentage of the gross proceeds that we obtain for our products that goes into freight transportation charges and other necessary expense.

(The following tables were here submitted by Mr. Knollin:)

Figures submitted cover actual business handled for a period of 12 years and 5 months (Mar. 1, 1898, to Aug. 1, 1910, inclusive). Total number of sheep and lambs handled, 332,376 head.

*Gross earnings.*

	Number.	Amount.
Sheep bought.....	244,069	\$623,458.35
Sheep sold on market.....	17,401	35,819.75
Sheep on range.....	59,131	137,785.08
Sheep short.....	18,428	40,597.92
Sheep inventoried.....	237,421	592,273.65
Miscellaneous credits.....		9,326.41
Total.....	332,376	815,802.76

Gross earnings (increase sheep, 88,317 head).....	\$192,843.43
Gross earnings, wool, 1,446,966 pounds, at 13.7 cents per pound.....	197,897.64
Total gross earnings.....	390,241.07
Total cost of production.....	448,891.06

Note.—Expense of production of sheep and wool is apportioned on basis of relative gain on sheep and wool to total gain, or gross earnings.

Expense on sheep, 49.3 per cent of \$448,891.06.....	\$221,803.59
Expense on wool, 50.7 per cent of \$448,891.06.....	\$227,588.07

Number of sheep raised.....	88,317
Deduct losses of lambs.....	1,863
Net gain on sheep.....	86,454
Cost to raise same.....	\$221,303.59
Cost to raise 1 sheep.....	\$2.56
Cost to produce 1,446,966 pounds of wool.....	\$227,588.07
Cost to produce 1 pound of wool f. o. b. Roswell.....	\$0.1538

*Investment and per cent of gain and loss.*

Total investment for period.....	\$767,166.25
Total expense for period.....	448,891.66
Total gross earnings for period.....	390,242.04

Expense equals 58.51 per cent of investment; gross earnings equal 50.86 per cent of investment; loss, 7.64 per cent on investment.

*Sheep raising.*

Proportion of investment, 49.3 per cent of \$767,166.25.....	\$378,212.96
Proportion of expense, 49.3 per cent of \$448,891.66.....	221,305.59
Gross earnings on sheep.....	192,344.43

*Net number of sheep raised, 86,464.*

Investment per head on sheep raised.....	\$3.85
Expense per head on sheep raised.....	2.56
Gross earnings per head on sheep raised.....	2.22
Loss per head on sheep raised.....	.34

*Wool growing.*

Proportion of investment, 50.7 per cent of \$767,166.25.....	\$398,953.28
Proportion of expense, 50.7 per cent of \$448,891.66.....	227,588.07
Proceeds of 1,446,966 pounds of wool.....	197,897.61
Investment to produce 1 pound of wool.....	.290
Expense to produce 1 pound of wool.....	.1538
Proceeds of 1 pound of wool.....	.137
Loss on 1 pound of wool.....	.0168

*Detailed and classified statement of maintenance of flocks.*

How classified.	Amount of money.	Per head.	Distribution.				
			Labor.		Returns to manufacturers and distributors of supplies.		Shortage, account of natural death and by animals.
			Per cent.	Amount.	Per cent.	Amount.	
Labor.....	\$121,808.58	\$0.55	100	\$121,808.58			
Provision.....	29,909.84	.135	50	14,954.92	50	\$14,954.92	
Sheep short.....	40,597.92	.182					\$40,597.92
Salt.....	3,782.13	.017	60	2,269.28	40	1,512.85	
Sundries.....	35,734.60	.161	50	17,867.30	50	17,867.30	
Interest.....	64,129.14	.29					64,129.14
Shearing.....	15,826.19	.071	85	13,452.27	15	2,373.92	
Dipping.....	6,001.81	.027	75	4,501.36	25	1,500.45	
Taxes.....	9,448.37	.042	10	944.83			8,503.54
Feed.....	12,068.38	.054	75	9,066.29	25	3,022.09	
Outfit.....	10,900.43	.049	50	5,450.21	50	5,450.22	
Depreciation.....	5,354.50	.024					5,354.50
Improvement.....	16,593.09	.075	50	8,296.55	50	8,296.54	
10 per cent earnings on investment.....	76,716.68	.346					76,716.68
Total.....	448,891.66	2.02		198,611.59		54,978.29	

NOTE.—Based on average number of sheep on hand a full year. During the 12-year-5-months period we handled 332,376 head. Of this number there were inventoried the first of each fiscal year, or bought during the year, 244,059, and the difference represents the lambs raised. Some of these sheep were not on hand a full year, but equaled having on hand for the full period (lambs born not included) 221,142 head, which number is used in arriving at averages.

SUMMARY.

	Amount.	Per head.	Per cent of total expense.
		<i>Cents.</i>	
Labor.....	\$198,611.59	89.8	44.2
Returns to manufacturers, etc.....	54,978.29	24.8	12.3
Sheep short.....	40,597.92	18.3	9.0
Interest.....	64,129.14	29	14.3
Earnings (10 per cent).....	76,716.68	34.6	17.1
Depreciation on real estate.....	5,354.50	2.4	1.2
Taxes.....	8,603.54	3.8	1.9
	448,891.66	2.025	

*Disposition of increase, 86,464 sheep.*

Sold on market:

5,665 feeder lambs (259,520 pounds, at \$3.29 per cwt.)-----	\$8,543.32
4,124 feeder sheep (317,590 pounds, at \$5.22 per cwt.)-----	16,567.80
7,612 fat sheep (694,860 pounds, at \$4.75 per cwt.)-----	33,038.96

Gross proceeds (17,401 head)-----	58,150.08
Shipping expense-----	\$9,668.76
Expense and feed at feed lots-----	12,661.57
	22,330.33

Net proceeds-----	35,819.75
Sold on range (59,131 head, at \$2.323 each)-----	137,785.05
Sheep short (16,570 sheep, at \$2.45 each)-----	40,597.92
Miscellaneous credits-----	9,326.41

Total (93,102 head, at \$2.41 each)-----	223,529.13
Less decrease in flocks from original count and value (6,638 head)-----	81,184.70

Net disposition (86,464 head)-----	192,344.43
Gross proceeds (17,401 sheep and lambs sold on market)-----	35,819.75
Gross proceeds (1 head)-----	3.84

Note.—Of the 17,401 sheep and lambs sold on the market only 7,612 were sold for slaughter, and they had been fed at a cost for feed and labor \$12,661.57, or \$1.65 per head.

We show that these 7,612 sheep sold for slaughter could be sold by wholesalers in New York City as follows:

7,612 fat sheep, wigh 694,860 pounds, cost on market, Chicago on foot-----	\$33,038.33
Sheep dress, 49 per cent, or 340,480 pounds, less pelts at 70 cents each-----	5,328.40
	27,710.56
Killing expense, 25 cents each-----	1,903.00
Icing, 5 cents per hundredweight on 340,480 pounds-----	170.24
Freight to New York City, 45 cents per hundredweight on 340,480 pounds-----	1,533.78
Selling expense, 50 cents per hundredweight-----	1,702.40

Total cost of 340,480 pounds to retailer in New York-----	33,019.98
Cost of 1 pound to retailer in New York, 9.7 cents.	

*Shipping expenses.*

Total expense (17,401 sheep)-----	\$9,668.76
Shipping expense per head, 55.55 cents.	

*Expense classified.*

	Amount.	Per head.
Freight.....	\$7,220.92	Cents. 41.5
Feed in transit.....	831.57	4.77
Feed at stock yards.....	48.82	0.02
Yardage.....	806.75	5.0
Commission.....	760.00	4.28
Total.....	9,668.76	55.55

Shipping expense, 16.62 per cent of gross proceeds.

Shipping expense.....	\$9,668.76
Feed and expense at feed lots on 6,197 fed for market.....	12,661.57

Total expense against shipments to market..... 22,330.33

*Averages.*

Average yearly investment.....	\$64,175
Average number of sheep handled yearly.....	19,685
Average per cent lambs raised.....	73.2
Average number of men employed.....	34
Average number of sheep handled to man..... head.....	590
Average yearly wages, men, board included.....	\$540
Average monthly wages, men, board included.....	\$45
Average weight of fleece..... pounds.....	7.3
Average selling price, wool (per pound).....	\$0.137
Average selling price of fleece.....	\$1.00
Average first cost of sheep.....	\$2.55
Average first cost, lambs marked included.....	\$1.87
Average first cost, sheep and lambs, inventoried.....	\$2.51
Average sale, sheep and lambs on market.....	\$2.05
Average sale, sheep and lambs on range.....	\$2.33
Average sale, all sheep and lambs.....	\$2.43
Loss per head on sheep.....	\$0.34
Loss per pound on wool.....	\$0.0168

NOTE.—On a basis of what we received for our wool 13.7 cents per pound f. o. b. Roswell, N. Mex., and a shrinkage of 68 per cent, the clean wool would cost 53.53 cents per pound (plus scouring charges Boston) and on the basis of cost of production 15.33 cents per pound it would cost 58.78 cents per pound (plus scouring charge Boston).

*Shipping expense on wool.*

Freight (per pound).....	\$1.93
Gross value, freight commission warehouse..... per cent.....	11.2
Charges grading, insurance, etc.....	\$1.50
Gross value..... per cent.....	88
Total gross value to market..... do.....	20

The following statements cover actual business handled covering a period of 10 years, 1900-1910. The business is chiefly raising thoroughbred rams.

Interest at 8 and 10 per cent for profit have been included in cost.

Total number sheep and lambs handled, 80,711.

*Gross earnings.*

	Number of sheep.	Amount.
Sheep bought.....	54,991	\$270,384.85
Sheep sold on market.....	5,405	16,562.48
Sheep sold on range.....	16,655	141,860.65
Sheep short.....	7,538	23,151.15
Sheep inventoried.....	51,113	253,266.74
Miscellaneous credits.....		1,255.91
	80,711	436,126.94
	25,720	165,742.09

Gross earnings (increase sheep, 25,720).....	165,742.09
Gross earnings (wool, 259,148 pounds).....	46,051.32

Total gross earnings.....	211,793.41
Total cost production.....	247,760.32

*NOTE*.—Expense of production of sheep and wool is apportioned on basis of relative gain on sheep and wool to total gain or gross earnings

Expense on sheep, 78.25 per cent of \$247,760.32.....	\$193,872.46
Expense on wool, 21.75 per cent of \$247,760.32.....	53,887.86

Number of sheep raised.....	25,720
Deduct losses on lambs.....	3,208

Net gain on sheep.....	22,517
Cost to raise same.....	\$193,872.46
Cost to raise one sheep.....	8.61
Cost to produce 259,148 pounds of wool.....	53,857.86
Cost to produce 1 pound of wool f. o. b. Soda Springs, Idaho (cents).....	20.79

*Investment and per cent of gain and loss.*

Total investment for the period.....	\$301,558.12
Total expense for the period.....	247,760.32
Total gross earnings for the period.....	211,793.41

Expense equals 82.16 per cent of investment; gross earnings equal 70.23 per cent of investment; loss equals 11.93 per cent on investment.

*Sheep raising.*

Proportion of investment, 78.25 per cent of \$301,558.12.....	\$235,969.23
Proportion of expense, 78.25 per cent of \$247,760.32.....	193,872.46
Gross earnings on sheep.....	165,742.09

*Net number sheep raised, 22,517 head.*

Investment per head on sheep raised.....	\$10.48
Expense per head on sheep raised.....	8.61
Gross earnings per head on sheep raised.....	7.36
Loss per head on sheep raised.....	1.25

*Wool growing.*

Proportion of investment, 21.75 per cent of \$301,558.12.....	\$65,558.89
Proportion of expense, 21.75 per cent of \$247,760.32.....	53,887.86
Proceeds of 259,148 pounds of wool.....	40,051.32
Investment to produce 1 pound of wool (cents).....	25.27
Expense to produce 1 pound of wool (cents).....	20.79
Proceeds of 1 pound of wool (cents).....	17.77
Loss on 1 pound of wool (cents).....	3.02

Detailed and classified statement of maintenance of flocks, based on average number of sheep on hand a full year. During the 10-year period we handled 80,711 head. Of this number there were inventoried the first of each fiscal year or bought during the year 51,113 head, and the difference represents the lambs raised. Some of these sheep were not on hand a full year, but equalled having on hand for the full period (lambs born not included) 47,542 head, which number is used in arriving at averages.

*Classified expense, distributed.*

How classified.	Amount of money.	Per head.	Labor.		Returns to manufacturers and distributors of supplies.		Value of shortage account natural death and loss by predatory animals.
			Per cent.	Amount.	Per cent.	Amount.	
Labor.....	\$57,337.37	\$1.206	100	\$57,337.37			
Provision.....	11,412.05	.24	50	5,706.03	50	\$5,706.02	
Sheep short.....	23,151.15	.457					\$23,151.15
Salt.....	1,407.54	.03	60	844.53	40	563.01	
Sundries.....	18,743.95	.39	50	9,371.98	50	9,371.97	
Interest.....	24,326.53	.51					24,326.53
Shearing.....	6,147.97	.129	85	5,225.77	15	922.20	
Dipping.....	2,757.24	.058	75	2,067.43	25	689.81	
Taxes.....	2,936.95	.062	10	293.70			2,643.25
Feed.....	67,185.55	1.413	75	50,389.16	25	16,796.39	
Outfit.....	2,198.22	.047	50	1,099.11	50	1,099.11	
10 per cent earnings on investment for profit.....	30,155.80	.634					30,155.80
	247,760.32	5.206		132,335.08		35,148.51	

SUMMARY.

	Amount.	Per head.	Per cent of total expense.
Labor.....	\$132,335.08	\$2.78	53.2
Returns to manufacturers and distributors.....	35,148.51	.74	14.2
Sheep short.....	23,151.15	.457	9.3
Interest.....	24,326.53	.51	9.7
10 per cent earnings for profit.....	30,155.80	.634	12.0
Taxes.....	2,643.25	.055	1.6
	247,760.32	5.206	100.0

Disposition of increase.....head..... 29,598  
 Lambs lost (not accounted for in sheep short).....do..... 3,208

26,395

Sold on market (5,405, at \$3.06 each)..... \$16,562.48  
 Sold on range, mostly rams (16,655, at \$8.52 each)..... 141,860.65  
 Short average cost (4,335, at \$5.317 each)..... 23,151.15  
 Miscellaneous credits..... 1,255.91

Total (26,395 head)..... 182,830.19  
 Less decrease in flocks from original value and number (3,878 head)..... 17,088.10

Difference (22,517 head)..... 165,742.09  
 Per head..... 7.86

Note.—Detailed statement of sheep sold on market not compiled.

*Shropshire flock—Statement of sheep and lambs sold on the range.*

Periods.	Ewes and lambs.			Rams and ram lambs.		
	Number.	Proceeds.	Average per head.	Number.	Proceeds.	Average per head.
1900-1901.....	126	\$216.90	\$1.72	1,020	\$6,982.00	\$6.81
1901-2.....	313	553.50	1.77	724	6,094.00	8.42
1902-3.....	1,026	2,293.25	2.23	430	4,105.00	9.52
1903-4.....	10	50.00	5.00	711	7,090.00	9.97
1904-5.....	1,820	4,560.00	3.00	981	13,027.50	14.30
1905-6.....	243	806.00	3.31	1,445	18,097.00	12.50
1906-7.....	1,719	11,492.00	6.68	1,199	15,229.00	12.70
1907-8.....	1,290	5,166.00	4.10	449	5,030.00	11.20
1908-9.....	1,063	8,879.00	8.35	1,423	19,712.00	13.85
1909-10.....	262	1,301.50	5.00	731	11,207.00	15.20
Total.....	7,542	35,317.15	4.64	9,113	106,543.50	11.69

*Profit and loss account.*

Interest on investment, 8 per cent.....	\$24,326.53
Earnings for profit, 10 per cent.....	30,155.80
Profit.....	54,482.33

**SHEEP RAISING.**

Total expense.....	193,872.46
Gross earnings.....	165,742.09
Loss.....	28,130.37

**WOOLGROWING.**

Total expense.....	\$53,887.86
Gross earnings.....	46,051.32
Loss.....	7,836.54
Net profit.....	18,515.42

Average investment for period.....	\$30,155.80
Net earnings on investment (no interest).....per cent..	6.14
Loss on one sheep.....	\$1.25
Loss on 5.6 pounds wool, at 3.02 cents.....cents..	16.9
Loss per head, interest and earnings included.....	\$1.419
Gain per head, without interest and earnings (each).....cents..	64.34

*Averages*

Average yearly investment.....	\$30,155.81
Average number of sheep handled yearly.....	4,764
Average per cent lambs raised.....	72.1
Average number of men employed.....	8
Average number sheep handled to man.....head..	594
Average yearly wages men, board included.....	\$376.56
Average monthly wages men, board included:	
Labor.....	\$44.49
Board.....	\$11.89
	\$56.38
Average weight of fleece.....pounds..	5.6
Average selling price of wool.....cents..	17.77
Average selling price of fleece.....	\$1.00



Average first cost of sheep.....	\$4.91
Average first cost of sheep, lambs marked included.....	\$3.34
Average sale sheep and lambs on market.....	\$3.06
Average sale sheep and lambs inventoried.....	\$4.95
Average sale bucks on range (each).....	\$11.69
Average sale ewes on range.....	\$4.64
Average sale all sheep and lambs sold.....	\$5.62
Loss per head on sheep.....	\$1.25
Loss per pound on wool.....cents.....	3.02

On basis of price we obtained for this wool Soda Springs, Idaho, 17.77 cents per pound, adding freight 2.05 cents per pound, and selling charges 1.5 cents per pound, and on a basis of 58 per cent shrinkage, this wool would cost the manufacturer 50.76 per pound clean Boston, plus the cost of scouring.

On a basis of cost of production 20.79 cents per pound, adding freight and selling charges of 3.55 cents per pound, 58 cents per pound Boston clean, plus scouring charges in both cases.

I shall be very glad to go into the matter with you, but I think it is unnecessary.

If there are any questions I shall be glad, indeed, to answer them, and, again, I thank you.

#### STATEMENT SUBMITTED BY SENATOR WILLIAMS.

Senator WILLIAMS. Some days ago I read what purported to be an interview in the Washington Post with reference to a similar report in the Washington Herald. For the two or three days toward the close of the week I was unable to attend, and Saturday I came across this letter in my mail, and, desiring that both sides should be fully heard, I will read it. It is from Mr. Twitchell, the gentleman referred to in that interview or report.

Mr. Twitchell, like most of our farmers now, is writing from the New Willard Hotel. This letter is dated May 19, and reads as follows:

THE NEW WILLARD,  
Washington, D. C., May 19, 1911.

HON. JOHN SHARP WILLIAMS,  
Member United States Senate, Committee on Finance,  
Washington, D. C.

MY DEAR SIR: During your noon recess my attention was called to the fact that you had read before your committee an article appearing in the Washington Herald, issued May 19, and that Senator McCumber had stood sponsor for me denying the purported interview, of which I had no knowledge. I came into the committee room possibly 20 minutes after Prof. Boyle began his argument, and had no knowledge of the testimony with his reference to whom he represented.

During the afternoon, in a disjointed conversation, while the professor's arguments were being presented, a gentleman, whose name I do not know, asked me whom the professor represented. I told him I did not know. He asked me if he represented our State university; I said I hoped not. That a message had been received here from an outside party saying that the president of our university said that the professor was not representing that institution; that I knew nothing as to the facts. A little later he asked me if I thought there would be any trouble if the professor was representing the university. I answered, "Possibly." He asked why. I answered, "Because I thought that 90 per cent of the people of our State who paid the professor his salary were not in sympathy with the professor's attitude, and if on my return I found this to be the fact I should join in the complaint; that I felt was certain."

A little later Senator McCumber called me to his chair. On noticing that I was taking some notes on the professor's statement, this gentleman again inquired if I intended to answer him. I told him "possibly," depending on Senator McCumber's opinion. He said, "Shall I report in the paper that you will

answer him to-morrow?" I said, "No; do not mention me in the paper in any manner." A little later he reverted to the trouble that the professor might have. I told him that if he wanted any story regarding the professor or the university to go to Congressman Helgesen, who is a member of the university board. This is the substance of our conversation. Ex-Gov. Lewis, whom the purported interview charges with having agreed and sanctioned my remarks was not present and did not hear any part of our conversation.

As we went to dinner we met this same gentleman on the street, who engaged us, or rather Mr. Lewis, in conversation. I heard him ask what we had to say with reference to Prof. Boyle. Mr. Lewis's reply was that we had no complaint against Prof. Boyle; that we did not think his testimony had in any way broken down the arguments made by the delegates from North Dakota; and that he desired, if quoted at all, to be quoted no further than that.

I met Prof. Boyle for the first time in Washington. I therefore have no personal grievance against the professor. I am on good terms with the institution of which he is one of the faculty. I have always been liberal in granting to others their right of opinion. Prof. Boyle had as much right as any other citizen in the United States to appear before that committee in his individual capacity. I am conscious of no more feeling against Prof. Boyle on account of our seeing this proposition differently than I have against you because we see things differently, and of you I have a very high regard. If you will read this to your committee and into the records I will feel that you have done all you could to correct any wrong impression of myself, Mr. Lewis, or any other member of our delegation in the eyes of your committee.

Your adjournment this afternoon until Monday makes it impossible to make this statement to your committee in person. I am sending a copy of this letter to you and one a little more explanatory to Prof. Boyle. I have had no thought of seeking to punish Prof. Boyle, had I the power, which I haven't, and at no time in the future shall I do ought against the professor's interests on account of his having stated fairly what I considered to be his honest personal convictions in this matter.

With best regards, and thanking you, I am,

Most respectfully,

TREADWELL TWICHELL.

I want that to go into the record, so that it may have exactly equal footing with the interview. Of course, I know nothing about what took place between these people.

Another letter accompanied this, dated the same day, signed R. S. Lewis, as follows:

THE NEW WILLARD,  
Washington, D. C., May 19, 1911.

HON. JOHN SHARP WILLIAMS,  
United States Senate, Washington, D. C.

MY DEAR SIR: Regarding the purported interview of Mr. Twitchell, published in the Herald on the 19th, I wish to say that I was not present, nor did I hear any portion of said interview, to which I am purported as having agreed.

The letter reads "purported," but "reported" it means.

I do not know of any personal feeling against Prof. Boyle in the minds of any of our delegation. The interview, so far as I am concerned, is a pure fabrication. Kindly see that this communication receives as much publicity in your committee as the article did, and oblige me.

Most respectfully, yours,

R. S. LEWIS.

It affords me pleasure, Mr. Chairman, to submit these letters as stating their side of the controversy, putting both upon an equal footing, as far as I am concerned.

Senator SMOOT. I move, Mr. Chairman, that we adjourn until 10 o'clock to-morrow morning.

The CHAIRMAN. Mr. Norris is here and seeking an opportunity to be heard by the committee. If the committee adjourns now, I would suggest that it be the understanding that Mr. Norris comes on at 10

o'clock to-morrow. If Mr. Norris desires, however, he might go on for a few minutes now. Which do you prefer, Mr. Norris, to take 15 minutes now and be interrupted—you won't be able to get very far by 1 o'clock. Your statement will be important and instructive from your point of view.

Mr. NORRIS. I should prefer to wait until to-morrow.

Sénator SMOOT. I move that we adjourn until 10 o'clock to-morrow morning.

The CHAIRMAN. Then we will proceed to hear Mr. Norris then. I think that will be better.

(Thereupon, at 12.46 o'clock p. m., the committee adjourned until 10 o'clock to-morrow morning.)

**TUESDAY, MAY 23, 1911.**

**UNITED STATES SENATE,  
COMMITTEE ON FINANCE,  
WASHINGTON, D. C.**

The committee met at 10 o'clock a. m., Hon. Boies Penrose in the chair.

Present: Senators Penrose (chairman), Cullom, Lodge, McCumber, Smoot, Gallinger, Clark, Heyburn, Bailey, Simmons, Stone, Williams, Kern, and Johnson.

The committee resumed consideration of H. R. 4412, an act to promote reciprocal trade relations with the Dominion of Canada, and for other purposes.

The CHAIRMAN. The committee will be in order.

Senator HEYBURN. Mr. Chairman, I desire to suggest that Mr. Simmons is here in attendance upon the committee and can not wait any longer. I suggest that he be given an opportunity to submit his remarks.

The CHAIRMAN. Mr. Simmons, the committee will now hear you.

**STATEMENT OF THEODORE N. SIMMONS, FACTORY BROKER,  
NEW YORK.**

The CHAIRMAN. Please state your business and residence.

Mr. SIMMONS. Theodore N. Simmons.

The CHAIRMAN. Where do you reside?

Mr. SIMMONS. In New York City.

The CHAIRMAN. What is your occupation?

Mr. SIMMONS. Factory broker.

The CHAIRMAN. Whom do you represent?

Mr. SIMMONS. My own business.

The CHAIRMAN. Just what is your business?

Mr. SIMMONS. Buying and selling manufacturing plants.

The CHAIRMAN. And you come here to file a statement, do you, because of this reciprocity treaty?

Mr. SIMMONS. Not particularly so much in regard to reciprocity as to file a statement in regard to the progress of my business.

Senator HEYBURN. Trade conditions?

Mr. SIMMONS. Trade conditions that it represents, for your information.

Senator HEYBURN. You have that statement with you?

Mr. SIMMONS. No, sir; I have not. I did not bring it.

The CHAIRMAN. If you will forward a statement to the committee, we will have it inserted in the proceedings.

Mr. SIMMONS. Very well, sir.

Senator STONE. Do we insert anything here that anybody desires to insert?

The CHAIRMAN. This is at the request of a member of the committee.

Senator HEYBURN. I would like to have my statement appear in the record. This gentleman has corresponded with me with reference to appearing before the committee, and, at my suggestion, he is here to-day. But we have no opening for him to-day; it is not possible for him to appear before the committee, and he is on his way West and could not return in time to assure against delay on the part of his appearance. I have suggested to him that he receive the permission of the committee to make a statement in writing. For that reason he is not prepared, but will prepare a statement and send it at once.

The CHAIRMAN. When the committee adjourned yesterday it was with the understanding, as far as we have any understandings, that Mr. John Norris was to be heard to-day. Then we have Mr. Hastings and his people from New York, who expected to be heard this morning, and I would like very much to accommodate them. Does it suit you to go on, Mr. Norris?

Senator STONE. I would like to inquire whether Messrs. Allen and Graham have reported to the committee as yet?

The CHAIRMAN. They have not been heard from since Mr. Hull declared that he would produce them.

Senator STONE. Yes, and Mr. Hull has gone home, and I do not think he intends to produce them. I will take that matter up with the committee, and I shall in due time ask for a subpoena duces tecum.

The CHAIRMAN. I suppose the question with relation to issuing a subpoena is a matter that ought to come before the committee in executive session.

Senator STONE. I would like to have the matter disposed of.

#### **STATEMENT OF JOHN NORRIS, CHAIRMAN COMMITTEE ON PAPER, AMERICAN NEWSPAPER PUBLISHERS' ASSOCIATION, NEW YORK.**

Mr. NORRIS. I am chairman of the committee on paper of the American Newspaper Publishers' Association.

Mr. Chairman and gentlemen of the committee, may I express my surprise and amazement at the patience you have displayed in listening to witnesses; I wonder at your endurance.

There are four headings on which I want to submit some remarks to the committee.

Senator HEYBURN. Won't you kindly state—unless the chairman has already asked the question—who you are and what you represent?

The CHAIRMAN. He has already stated that.

Mr. NORRIS. My name is John Norris; I am chairman of the committee on paper of the American Newspaper Publishers' Association. For the information of the committee I recently compiled from the records in the office of the Secretary of the Senate and elsewhere a list of petitions from 160 concerns—public bodies and others—asking for the ratification of the reciprocity bill by Congress. If the committee does not object I would like to submit that list.

Senator SMOOT. We have all this before us now, and not only that, we have thousands and thousands of them opposed to it. You would not ask that they all go into the record, would you?

Mr. NORRIS. Just this list.

The CHAIRMAN. This is a list that you prepared of all the petitions in behalf of the reciprocity agreement. It is not a voluminous document, and there is probably no objection to its being put in as a part of Mr. Norris's remarks. It is not a copy of the petition?

Mr. NORRIS. Not at all, but merely a list of 160 various concerns asking for ratification of reciprocity.

Senator SMOOT. Does it ask for free print paper alone or does it ask for the passage of the bill?

Mr. NORRIS. My next proposition will cover free print paper.

Senator SMOOT. I thought that was what you were speaking of, and I wanted to know whether this applied to free print paper.

Mr. NORRIS. This applies to reciprocity. It was merely prepared by me, as a friend of the committee, to furnish information as to that side of the public appeal.

Senator HEYBURN. Are these petitions that were filed at the behest of the print-paper men?

Mr. NORRIS. No, sir.

Senator HEYBURN. How did they come to be filed?

Mr. NORRIS. They appeared in the record.

Senator HEYBURN. I know they appeared in the record, but how did it come that they were filed? Who procured them?

Mr. NORRIS. I do not know; I suppose it was—

Senator HEYBURN. The record is already a part of the proceedings.

Senator SMOOT. They were all referred to this committee.

Senator HEYBURN. I know they are.

Mr. NORRIS. There were some that were sent to the House. This is merely a summary of petitions for ratification. I am utterly indifferent about it.

Senator STONE. You can put it in the body of your remarks. I suppose nobody is objecting.

The list referred to is as follows:

Petitions asking reciprocity ratification have been received by Congress from the following:

American Newspaper Publishers' Association.

National Board of Trade; A. T. Anderson, secretary.

New York Chamber of Commerce; S. S. Pratt, secretary.

New York Board of Trade and Transportation; Frank S. Gardner, secretary.

Merchants' Association of New York, 54 Lafayette Street; Henry R. Towne, president.

New York Stock Exchange. (Feb. 20, House of Representatives.)

New York Produce Exchange; L. B. Howe, secretary.

Chicago Association of Commerce; Henry A. Wheeler, president.

National Business League of America, Chicago Stock Exchange Building, Chicago, Ill.; Austin A. Burnham, secretary.

Chicago Butter and Egg Board, 154 East Lake Street.

Quincy (Ill.) business men.

Peoria (Ill.) Association of Commerce.

Buffalo Common Council; Harold J. Balliett, city clerk.

Buffalo Chamber of Commerce and Manufacturers' Club; Edward B. Harvey, acting secretary.

Retail Merchants' Association of Buffalo; Joseph E. Kean, secretary and treasurer.

Corn Exchange of Buffalo; Henry D. Waters, president.

Buffalo Credit Men's Association, 76 Erie County Bank Building; W. B. Grandeson, secretary.

North Tonawanda Board of Trade; W. D. Trimble, secretary.

American Manufacturers' Export Association, 1 Madison Avenue, New York; Henry T. Wells, secretary.

Stationers' Association of New York, 90 William Street, New York; Chas. A. Lent.

New York Mercantile Exchange, corner Hudson and Harrison Streets, New York City; Julius D. Mahr, president.

Brewer Masters' Association of Buffalo and vicinity, 210 Pratt Street; C. R. Lehmann, president.

Western Elevating Association of Buffalo, 1112 Chamber of Commerce; Henry D. Waters, president.

Buffalo Lumber Exchange, 1051 Ellicott Square; John S. Tyler, secretary.

Master Plumbers' Association of Buffalo, 23 Builders' Exchange; Walter H. Caines, president.

North Buffalo Residents and Business Men's Association, Ontario and Tonawanda Streets; J. O. Eschborn, secretary.

Kingston (N. Y.) Chamber of Commerce; Herbert Carl, president; Wm. F. Hoehm, secretary.

Oswego (N. Y.) Chamber of Commerce; W. V. Burr, president; W. J. Cooper, secretary.

Geneva (N. Y.) Common Council; John F. O'Mallen, city clerk.

Buffalo (N. Y.) Brewers' Association; Christian Trapp, secretary.

National Piano Manufacturers' Association, 254 West Twenty-third Street, New York; Herbert W. Hill, assistant secretary.

Buffalo Ad Club and Rochester Ad Club; W. P. Goodspeed, Buffalo News.

Auburn (N. Y.) Business Men's Association, Auburn Savings Bank Building; Charles G. Adams, secretary.

United States Radiator Association, of Dunkirk, N. Y.; R. J. Gross.

National Candy Co., 149 Swan Street, Buffalo, N. Y.; Fred Plate, manager.

Hardwood Lumber Exchange, Buffalo, N. Y.; F. M. Sullivan, president.

Empire Furniture Co., of Jamestown, N. Y.; F. O. Anderson, president.

West Side Business Men's and Tax Payers' Association of Buffalo, 69 Grant Street, Buffalo; Albert Emerson, secretary.

Fort Edward (N. Y.) Commercial Association; Fred McNaughton, president. Syracuse (N. Y.) Chilled Plow Co.; C. A. Chase, president.

East Side Branch of United Master Butchers of America, 608 East Eighty-fourth Street, New York; Charles Young, secretary.

Burt-Sindele Factory, 80 Carroll Street, Buffalo, N. Y.; A. H. Burt, manager.

Bailey Table Co., Jamestown, N. Y.; C. E. Bailey.

Staten Island Ship Building Co., Port Richmond, N. Y.; W. J. Davidson, president.

City National Bank, Binghamton, N. Y.; J. B. Van Name, president.

First National Bank, Poughkeepsie, N. Y.; Helmus W. Barratt, vice president.

Americus Club of Buffalo; Leo J. Beeler, secretary. (Feb. 9, House of Representatives.)

Iron Age, New York City; Charles T. Root.

"Metal Industry," New York. (Feb. 11, House of Representatives.)

Cincinnati (Ohio) Chamber of Commerce; Walter A. Draper, president.

Youngstown (Ohio) Chamber of Commerce; M. J. McGown, secretary.

Ashtabula (Ohio) Chamber of Commerce; J. C. Topper, secretary.

Dayton (Ohio) Chamber of Commerce; Leopold Rauh, president; W. B. Moore, secretary.

Cleveland (Ohio) Chamber of Commerce; George W. Kinney, president.

Hamilton (Ohio) Chamber of Commerce (Feb. 15, House of Representatives).

Niles (Ohio) Board of Trade.

Cambridge (Ohio) Board of Trade.

Newark (Ohio) Board of Trade; C. P. Spencer, president.

Salem (Ohio) Board of Trade; K. L. Coburn, secretary.

Canton (Ohio) Board of Trade; C. A. Dougherty, president.

Portsmouth (Ohio) Board of Trade; H. S. Grimes, president; Eugene E. Knox, secretary.

Marion (Ohio) Commercial Club.

Springfield (Ohio) Commercial Club; E. S. Kelly, president.

Gallion (Ohio) Commercial Club.

Hamilton (Ohio) Retail Grocers and Butchers' Association; Frank Segers, president.

Hamilton (Ohio) Retail Merchants' Association; R. Greer, secretary.

Middleport (Ohio) Business Men's Association; Tom F. Lewis, secretary.

Ohio Brotherhood of Threshermen, 348 North High Street, Columbus, Ohio; P. D. Converse, secretary.

**Roderick Lean Manufacturing Co., of Mansfield, Ohio; A. B. McLean, president.**

**Hartford (Conn.) Common Council.**

**Lumber Dealers' Association of Connecticut (Feb. 13, House of Representatives).**

**Seymour (Conn.) Business Men's Association.**

**Middletown (Conn.) Business Men's Association; W. J. Coughlin, jr., secretary.**

**Hartford (Conn.) Business Men's Association; Wm. G. Baxter, secretary, Hartford Times Building.**

**Detroit (Mich.) Board of Commerce; Abner E. Larned, president.**

**Henry George Association of Detroit, 512 Washington Arcade, Detroit; Alex. S. Diack, secretary.**

**Wholesalers and Manufacturers' Association of Detroit.**

**Street and Electric Railway Employees' Association; R. S. Reeves, secretary, Detroit.**

**Grand Rapids (Mich.) Board of Trade.**

**Kalamazoo (Mich.) Commercial Club; Louis H. Conger, secretary.**

**Sault Ste. Marie (Mich.) Business Men's Association.**

**Seattle (Wash.) Commercial Club.**

**Blaine (Wash.) Chamber of Commerce.**

**English Lumber Co., of Seattle; E. G. English, president.**

**Tom Moore Boom Co., of Seattle; by W. H. McEwan, treasurer.**

**Campbell Lumber Co., of Seattle; James Campbell, president.**

**Continental Mill Co., of Seattle; by M. Thompson.**

**Ferguson, Dugan Investment Co., by J. W. Ferguson, president.**

**P. C. Leonard Lumber Co., by W. W. Hamilton, secretary.**

**Tuce Logging Co.; E. C. Million, secretary.**

**Peters & Powell, by W. A. Peters.**

**J. M. Coleman Co., by L. J. Coleman, president.**

**Kennewick (Wash.) Commercial Club; R. A. Mitchell, secretary.**

**Wenatchee (Wash.) Commercial Club; R. R. Ellenswood, of committee.**

**Yakima (Wash.) Improvement Co.; W. A. White.**

**Mitchell, Lewis & Stover Co., of Spokane, Wash.; J. P. Posson, manager.**

**John Deere Plow Co., of Spokane, Wash.; John Taylor, manager.**

**Northwest Trust & Safe Deposit Co. of Seattle, Wash.; E. Sherrick, president.**

**J. H. Morrow Implement Co., Walla Walla, Wash.; W. R. Creffield.**

**Standard Appraisal Co., of Seattle, Wash.; J. F. Cronin, president.**

**Old Oregon Lumber Co., of Seattle, Wash.; H. I. Muffley, president.**

**Elder Lumber Co., of Seattle, Wash.; A. H. Finch, vice president.**

**Ebey Logging Co.; C. H. Cobb, president.**

**Snohomish Logging Co.; C. H. Cobb, president.**

**International Timber Co.; N. C. Healy, manager.**

**Pacific Coast Condensed Milk Co.; E. A. Stuart, president.**

**Seattle Cedar Lumber Manufacturing Co.; W. H. McEwan, secretary.**

**Hofius Steel & Equipment Co.; W. D. Hofius.**

**Merrill & Ring Lumber Co.; R. D. Merrill.**

**Howell, Brent Lumber Co.; Wm. M. Howell, secretary.**

**Ideal Mill Co.; W. N. Proctor.**

**Milwaukee Shingle Co.**

**Marysville & Arlington Railway Co.; James H. Smith, assistant treasurer.**

**Ballard Lumber Co.; Charles W. Stimson.**

**Frank Jones Brewing Co., of Portsmouth, N. H.**

**F. M. Hoyt Shoe Co., of Manchester, N. H.; H. E. Slayton.**

**General Court of Massachusetts; William M. Olin, secretary of Commonwealth.**

**Boston Boot and Shoe Club; Thomas F. Anderson, secretary, 166 Essex Street, Boston.**

**Fruit and Produce Exchange of Boston (over Faneuil Hall Market); Lucius C. Smith, president.**

**John J. Stanwood, 90 Commercial Street, Gloucester, Mass.**

**Oyster Growers' Association of North America. (Apr. 10, 1911, House of Representatives.)**

**Boston Fruit Produce Exchange. (Feb. 11, House of Representatives.)**

**Master Bakers' Association of Massachusetts. (Feb. 17, House of Representatives.)**



Philadelphia Board of Trade; William M. Coates, president; William R. Tucker, secretary.

Philadelphia Drug Exchange. (House of Representatives.)

Philadelphia Retail Growers' Association (Feb. 16, House of Representatives.)

Pittsburgh Butter and Egg Exchange. (Feb. 3, House of Representatives.)

Reading (Pa.) Board of Trade; Jenkin Hill, secretary.

National Cannery Association, of Milwaukee, Wis.

Superior (Wis.) Common Council; Frank R. Crumpton, mayor.

La Crosse (Wis.) Board of Trade; J. L. Uternwell, secretary.

Milwaukee Daily Newspaper Publishers' Association. (Feb. 19, House of Representatives.)

La Crosse (Wis.) Manufacturers and Jobbers' Union; C. W. Dickinson, secretary.

Minnesota Millers' Club, of Minneapolis. (Apr. 21, House of Representatives.)

Rotary Club, of St. Paul. (House of Representatives.)

Twin City Wholesale Millinery Association; Chas. Straus, president.

Business Men's Association of Pawtucket, R. I. (Apr. 10, 1911, House of Representatives.)

Fruit Growers' Convention of California, at Stockton, Cal.; Robert G. Williams, of committee.

South Bend (Ind.) Chamber of Commerce; Fred W. Keller, president.

Helena (Ark.) Business Men's League.

Helena (Ark.) Board of Trade; Joseph L. Solomon, president.

Buckeye Cotton Oil Co., of Little Rock, Ark.

Stereotypers' Union No. 5, of Cincinnati. (House of Representatives.)

Stereotypers' Union No. 8, of St. Louis. (House of Representatives.)

Stereotypers' Union No. 1, of New York. (House of Representatives.)

Batavia Typographical Union No. 511. (Feb. 9, House of Representatives.)

Union League Club, of New York City. (House of Representatives.)

Republican Club of Brooklyn. (Apr. 14, 1911, House of Representatives.)

Seward Republican Club, of Brooklyn, 669 Willoughby Avenue; Mark Friedmann, secretary.

Progressive Republican League, of Battle Creek, Mich.

Summit Republican Club, of Akron, Ohio; C. P. Parker, president.

North End Taft Republican Club, of Detroit, Mich.; Henry M. Williams, president.

Progressive Republican Club of Ward 3, Keene, N. H.

Republican League of Clubs of State of New York, 50 Church street.; John A. Ewart.

Republican county committee of Richmond County, N. Y.; J. Francis Atterbury, secretary.

Republican county committee of New York County; Lloyd Griscom, president.

Butterworth Progressive Republican Club, of New Haven, Conn. (Feb. 11, House of Representatives.)

New England German-American National Alliance. (Feb. 15, 1911, House of Representatives.)

German-American Alliance of New Jersey; Arthur Noack, Union Building Construction Co., Passaic, N. J.

**Mr. NORRIS.** The American Newspaper Publishers' Association, at a meeting in New York, April 27, adopted the following resolution—

Senator HEYBURN. Who composes this association?

**Mr. NORRIS.** Three hundred and seven leading American newspapers.

Senator HEYBURN. Have you a list of them?

**Mr. NORRIS.** I have.

Senator HEYBURN. I would like to have that filed.

**Mr. NORRIS.** I will see that that is filed to-day.

Senator SMOOT. As part of your remarks?

**Mr. NORRIS.** As part of my remarks.

The CHAIRMAN. What list is that to which you refer?

**Mr. NORRIS.** It is a list of the newspapers comprising the American Newspaper Publishers' Association.

Senator HEYBURN. That includes Associated Press papers and others as well, does it?

Mr. NORRIS. No, sir.

Senator HEYBURN. Does it include the Associated Press papers?

Mr. NORRIS. Not at all. There are about seven hundred and odd Associated Press papers, and there are 307 papers in the American Newspaper Publishers' Association, some of which are not members of the Associated Press.

Senator HEYBURN. Do they comprise any of the other press associations, such as the Scripps-McRea, or any other?

Mr. NORRIS. I am quite sure that they include such associations, otherwise they could not have the facilities of news gathering.

Senator HEYBURN. Is it true that a paper that does not belong to this association can not avail itself of the news of the country at its own expense?

Mr. NORRIS. I know of only one newspaper that maintains an absolutely independent news service.

Senator HEYBURN. What paper is that?

Mr. NORRIS. The New York Sun.

Senator HEYBURN. Well, why can they not obtain the news, those that do not belong to those associations? What is to prevent them? Why can not they obtain the news just as well without belonging to the association as by belonging to it?

Mr. NORRIS. Because of the economy.

Senator HEYBURN. Because of economy? Could they get the news and transmit it as readily as those other newspaper organizations receive it?

Mr. NORRIS. They could not.

Senator HEYBURN. Why could they not?

Mr. NORRIS. Because the resources of the daily newspapers would not justify the outlay to cover the field.

Senator HEYBURN. Could they get the news at the same prices and as promptly, independently of this press association?

Mr. NORRIS. I doubt if there is any newspaper in the country with sufficient resources to gather information.

Senator HEYBURN. My question was whether they could not; not whether they were financially able. Could they get it?

Senator SMOOT. From the Associated Press.

Senator HEYBURN. No; independently of it. Could they get, independently of any press association, the equivalent news at an equivalent price, as compared with those who get it through the Associated Press and other associations?

Mr. NORRIS. Let me see if I intelligently apprehend your question. Could a newspaper, paying what it now pays to the news associations?

Senator HEYBURN. No; could a newspaper, independent of any news association, obtain news as promptly and at the same expense as though it obtained it through the news associations?

Mr. NORRIS. They could not at the same expense as that which they obtain from the news associations.

Senator HEYBURN. Why not? Can they not get the same rates on the telegraph lines?

Mr. NORRIS. It is because of the wide area they cover.

Senator HEYBURN. I know—including every part of the world. Can they get the same rates and terms on the telegraph lines as the others?

Mr. NORRIS. I am not advised.

Senator HEYBURN. You are not?

Mr. NORRIS. I am not advised.

Senator HEYBURN. Is there any preference given to Associated Press news on the wires, over private news?

Mr. NORRIS. I do not know.

Senator HEYBURN. You do not?

Mr. NORRIS. I do not.

Senator HEYBURN. You do not know, then, of the terms and conditions upon which the Associated Press news is delivered to those who are entitled to receive it?

Mr. NORRIS. Generally, yes. I was director of the Associated Press for a number of years.

Senator HEYBURN. I thought so. Then you say you do not know whether or not a private individual can obtain news of the world as promptly and as freely and at as cheap a price as though he got it through the Associated Press?

Mr. NORRIS. I know of nothing to stop him from the use of the telegraph lines.

Senator HEYBURN. That is hardly answering my question. Do you know of any reason why or whether or not he can receive it as promptly and on the same terms as though he got it through the Associated Press?

Mr. NORRIS. I do not know of any reason why he can not.

Senator HEYBURN. Can he do it?

Mr. NORRIS. I do not know of any reason why he can not.

Senator HEYBURN. I am asking for the fact.

Mr. NORRIS. I know; but if I do not know of any reason why, I am stating it negatively. I do not know it affirmatively, and I object to having it put in my mouth that I am so stating.

Senator HEYBURN. But you may know facts without knowing why the facts operate in a certain way. I want to know whether or not you know why they can not.

Mr. NORRIS. I say I know of no reason why they can not.

Senator HEYBURN. There may be no reason—in fact, I would be inclined to agree with you there—but the question is, Can he do it?

Mr. NORRIS. I guess so; but I will not state it affirmatively, because I have not the information that would lead me to make any such statement, and I am not going to have the statement put into my mouth.

Senator STONE. Are you speaking of the telegraph wires?

Mr. NORRIS. No; when I spoke of telegraph wires I understood Mr. Heyburn to broaden it to cover other things besides telegraph wires.

Senator HEYBURN. I wanted to know whether or not this combination for which he speaks here to-day was one that could obtain better terms in the delivery of news than a private individual could obtain for himself.

Mr. NORRIS. I want it understood that I am not speaking here for the Associated Press. I do not represent the Associated Press. I represent an organization, some of the members of which are not

members of the Associated Press, and also because of the fact that there are a great many members of the Associated Press who are not members of this organization. I made that statement once, and I thought I made it clear.

Senator HEYBURN. It is clearer now than on any former occasion. I will state that I am asking these questions only for the purpose of obtaining a fair idea of the relations which you intended to occupy in regard to this question of print paper—not only the purchase of the paper but the use of it.

Mr. NORRIS. I am delighted if I have been able to give you any material information. Shall I proceed?

Senator STONE. I want to get it clear in my mind. You are representing, as I understand it, an association of three hundred and some odd newspapers.

Mr. NORRIS. That is right.

Senator STONE. Some of those papers are members of what is called the Associated Press?

Mr. NORRIS. Some—many are.

Senator STONE. Some are not?

Mr. NORRIS. Some are not.

Senator SMOOT. Some are.

Senator GALLINGER. Are not most of them?

Mr. NORRIS. Some are.

Senator STONE. All of them, as I understand—at least, you suppose all of them—do get news through the medium of some press association.

Mr. NORRIS. In addition to their own news facilities, they are connected with some association. As I now glance over the list, and as I recall, there is only one newspaper which is not identified with any news-gathering association in this country, though it has connections abroad. I refer to the New York Sun. I think all the others are identified with some news-gathering association in the United States for the purpose of economy and greater facility in the gathering of news reports.

Senator SMOOT. Do you know whether the New York Sun has its own service because it prefers that service, or because it can not receive a service from the Associated Press?

Mr. NORRIS. As to the New York Sun—I feel somewhat of a delicacy in—

Senator SMOOT. Do not answer it then.

Mr. NORRIS. —in discussing the affairs of a newspaper with which I am not identified, but my knowledge on the subject is that the New York Sun originally withdrew from the Associated Press.

Senator SMOOT. Of its own volition, or because it had to?

Mr. NORRIS. Of its own volition.

Senator STONE. Yes. I stated here the other day that the New York Sun was not a member of the Associated Press, and some others, among them Senator Lodge, I think it was, said he understood that they had become again connected with the association. I brought suit against the Associated Press, or was one of the attorneys employed in the case, trying to have this thing dissolved in my State as an organization conducted in contravention of our laws, and at the same time there was a general suit pending in Illinois. The Illinois case was first decided, and it was held to be an illegal combination

and was dissolved under a decree of the Supreme Court, and the concern itself moved to New York, I think, or New Jersey.

Mr. NORRIS. It was another corporation.

Senator STONE. Another corporation was formed.

Mr. NORRIS. Under a different form.

Senator SMOOT. A different association.

Mr. NORRIS. And with different rules.

Senator HEYBURN. There is no corporation, as I understand it.

Senator STONE. There is not now, I understand.

Senator HEYBURN. That is, it is not written.

Senator STONE. I understand there is no corporation under the statutes of any of the States.

Senator McCUMBER. It is an association of men.

Senator STONE. I do not really know what its form is now. I knew what its form was at that time very well. Among other things, I took Mr. Laffan's deposition in New York. He was then the editor of the New York Sun, and I became familiar with the connection of the Sun with the newspapers in that way.

The CHAIRMAN. Now, Mr. Norris, you may proceed.

Senator HEYBURN. I will say, Mr. Chairman, that I may have to ask the indulgence of the chairman to some extent, and as some others have an intimation as to the relation that this gentleman bears to the subject, we may have to go outside the ordinary rules of merely listening.

The CHAIRMAN. There is no disposition to restrict inquiries of the witness.

Mr. NORRIS. On April 26, 1911, the following was adopted by the American Newspaper Publishers' Association unanimously: "The American Newspaper Publishers' Association"—

Senator HEYBURN. I want to ask a question, if the Chair will pardon me. I want to know something about the American Newspaper Publishers' Association. Is that a corporation?

Mr. NORRIS. It is.

Senator HEYBURN. Where is it incorporated?

Mr. NORRIS. In New York.

Senator HEYBURN. What is its capital stock?

Mr. NORRIS. I think something like \$1,000.

Senator HEYBURN. The entire capital stock is something like \$1,000?

Mr. NORRIS. I can accommodate the gentleman. I can give you a copy of its charter.

Senator HEYBURN. I presumed you could. I was going to ask you to produce the copy of its charter.

Mr. NORRIS. I anticipated you.

Senator HEYBURN. I would like to know something of the nature of this organization.

Senator STONE. Mr. Chairman, I suggest to my friend from Idaho, would it not be well to allow Mr. Norris to make his statement and then examine him afterwards?

Senator HEYBURN. That is the question that we had under consideration, as to how we should proceed. Of course, if we know that this witness will remain here before the committee until such time as we would be able to do that, I would be decidedly of the opinion that we ought to do it.

Mr. NORRIS. I have been here over two weeks.

The CHAIRMAN. Mr. Norris has been here during the whole sessions of the committee.

Mr. NORRIS. I have attended every session of this committee.

Senator HEYBURN. I have only recently been apprised of the nature of this corporation, and it being so unusual, I think that any testimony that is given ought to be with a full knowledge of the character of the corporation that is before the committee.

Senator McCUMBER. It would not take any longer time to get it now than at any other period, would it?

Senator HEYBURN. It is right here, and it is not long, and is most unusual. I ask that the committee read it, if the witness is to comment on it.

Mr. NORRIS. I would like to save myself from reading.

Senator HEYBURN. Then, I will read it, and it can be taken down. I think the members of the committee will be interested in this document. It has no counterpart in the world.

Senator SMOOT. It is sui generis.

Senator HEYBURN. Yes. It is as follows:

CERTIFICATE OF INCORPORATION OF THE AMERICAN NEWSPAPER PUBLISHERS' ASSOCIATION.

STATE OF NEW YORK.

*City and County of New York, ss:*

We, the undersigned, desiring to form a corporation pursuant to the provisions of the business corporations law, all being of full age and at least two-thirds being citizens of the United States, and at least one of us a resident of the State of New York, do hereby certify:

First. The name of the proposed corporation is: "American Newspaper Publishers' Association."

Second. The purposes for which the corporation is to be formed are: To provide a common agency for gathering and disseminating information of value to publishers of reputable newspapers; to protect them from irresponsible customers; to act as agent or attorney in fact for corporations and individuals in all transactions in which corporations or individuals may lawfully engage and employ an agent or attorney in fact, and to render such other assistance or service to its stockholders as may be within its corporate powers.

Third. The amount of capital stock is to be \$1,000.

Fourth. The number of shares of which the capital stock shall consist is 200; the amount of capital with which the corporation shall begin business is \$500.

Fifth. Its duration is to be 50 years.

Sixth. The location of its principal office is to be in the city of New York, in the county and State of New York.

Seventh. The number of its directors is to be nine.

Eighth. The names and post-office addresses of the directors for the first year are as follows: Chas. W. Knapp, St. Louis, Mo.; J. A. Butler, Buffalo, N. Y.; Wm. C. Bryant, Brooklyn, N. Y.; H. F. Gunnison, Brooklyn, N. Y.; Frederick Driscoll, St. Paul, Minn.; W. H. Self, Pittsburg, Pa.; Milton A. McRae, Cincinnati, Ohio; Chas. H. Taylor, jr., Boston, Mass.; and S. H. Kauffmann, Washington, D. C.

Ninth. The names and post-office addresses of the subscribers and the number of shares of stock which each agrees to take in the corporation, are as follows: Chas. W. Knapp, St. Louis, Mo., 1; J. A. Butler, Buffalo, N. Y., 1; Wm. C. Bryant, Brooklyn, N. Y., 1; H. F. Gunnison, Brooklyn, N. Y., 1; Frederick Driscoll, St. Paul, Minn., 1; W. H. Self, Pittsburg, Pa., 1; Milton A. McRae, Cincinnati, Ohio, 1; Chas. H. Taylor, jr., Boston, Mass., 1; and S. H. Kauffmann, Washington, D. C., 1.

The stockholders of this corporation shall be limited to publishers of newspapers.

In witness whereof we have made, signed, and acknowledged this certificate this 19th day of February, 1897.

FREDERICK DRISCOLL.  
W. H. SEIF.  
MILTON A. McRAE.  
CHAS. H. TAYLOR, Jr.  
S. H. KAUFFMANN.

CHAS. W. KNAPP.  
J. A. BUTLER.  
WM. C. BRYANT.  
H. F. GUNNISON.

STATE OF NEW YORK,  
*City and county of New York, ss:*

On this 19th day of February, 1897, before me personally came CHAS. W. Knapp, J. A. Butler, Wm. C. Bryant, H. F. Gunnison, Frederick Driscoll, W. H. Seif, Milton A. McRae, Chas. H. Taylor, Jr., S. H. Kauffmann, to me personally known to be the individuals described in and who executed the foregoing certificate, and severally acknowledged to me that they executed the same.

WALTER CLEARY,  
*Notary Public, Kings County.*

Certificate filed in New York County.

Now, that bears the names of some newspaper men that are well known, and the affidavit appended to it is on the 19th of February, 1897. That is the instrument under which your association operates?

Senator CULLOM. Did you read it all?

Senator HEYBURN. I did, with the exception of the names of the stockholders. You started this business with \$500.

Mr. NORRIS. I have not the slightest idea. I had no relation with it then.

Senator HEYBURN. How long have you been connected with this association?

Mr. NORRIS. As chairman of the committee on paper, since June, 1908—immediately following—

Senator HEYBURN. Were you connected with it in any capacity before that time?

Mr. NORRIS. As business manager of a newspaper, I had borne a relation to it for many years.

Mr. HEYBURN. From its organization?

Mr. NORRIS. Yes, sir; and before the organization took its present shape.

Senator HEYBURN. You were one of the prime movers in getting up this organization, were you not?

Mr. NORRIS. I do not recall it.

Senator HEYBURN. Well, you participated in doing it.

Mr. NORRIS. Possibly; I have no recollection. Fourteen years ago is a long time, and a great many things crowd into that time. It is quite possible that I had the same relation to it that other publishers and business managers held.

Senator HEYBURN. What paper were you managing at that time?

Mr. NORRIS. I was treasurer of the New York World at that time. I was not business manager.

Senator HEYBURN. What paper are you connected with now?

Mr. NORRIS. None.

Senator HEYBURN. You are simply an officer of this organization now?

Mr. NORRIS. Well, I have direct relation with a newspaper as a stockholder.

Senator HEYBURN. Now, this organization now only has a capital of \$1,000. Has it acquired a surplus?

Mr. NORRIS. I am not familiar with it. I assume that it has.

Senator HEYBURN. Has it declared any dividends?

Mr. NORRIS. I do not know.

Senator HEYBURN. What is your office in connection with it?

Mr. NORRIS. Chairman of the committee on paper.

Senator HEYBURN. Of this organization?

Mr. NORRIS. Of the American Newspaper Publishers' Association.

Senator HEYBURN. And you have no other interest in connection with that organization?

Mr. NORRIS. No, sir.

Senator HEYBURN. Nor have not had?

Mr. NORRIS. And have not had.

Senator HEYBURN. All right.

Senator SMOOT. What is required of a newspaper to become a member of the association?

Mr. NORRIS. An initiation fee, I think, of \$75, and annual dues of about the same sum.

Senator CLARK. Does that entitle a newspaper to become a stockholder then?

Mr. NORRIS. I am not clear as to just what the relationship is—that is, as to whether each member receives a certificate of stock; but you are under quite a misapprehension—

Senator HEYBURN. You think so?

Mr. NORRIS. As to the character of that organization other than its purely voluntary features.

Senator HEYBURN. Suppose you clear our minds, then, on that subject—you say we are under a misapprehension—and we may then determine whether you are under a misapprehension as to what our apprehension is.

Mr. NORRIS. Well, a newspaper, by the payment of a small initiation fee, may become a member of that association by vote of the board of directors.

Senator CLARK. Can any reputable paper become a member of it by the payment of that fee?

Mr. NORRIS. They have lassoos out to drag in reputable newspapers.

Senator CLARK. Well, may a reputable newspaper become a member by certifying its willingness to pay the fee?

Mr. NORRIS. Certainly.

Senator SMOOT. Does it have a right to vote as to who shall be the directors of the association?

Mr. NORRIS. I think so; I know of nothing to the contrary. You are, of course, confounding the Associated Press with the American Newspaper Publishers' Association.

Senator SMOOT. No; I am not confounding the Associated Press with the American Newspaper Publishers' Association. I know them both very well. All I wanted to know is what is required of every newspaper to become a member of the American Newspaper Publishers' Association.

Mr. NORRIS. A good name and a small initiation fee.

Senator SMOOT. And an annual fee?

Mr. NORRIS. And an annual payment of dues.

Senator SMOOT. Well, now, what I wanted to know is, when they become a member are they entitled to vote for the board of directors of this association?



Mr. NORRIS. Certainly.

Senator CLARK. How is that, if they are not stockholders?

Mr. NORRIS. I guess they are stockholders.

Senator SMOOT. You have only three hundred and odd members, and there are only 200 shares.

Mr. NORRIS. It is beyond me. I do not know.

Senator SMOOT. It is beyond anybody.

Mr. NORRIS. I only know they meet and vote for directors.

Senator GALLINGER. You say we are confounding this organization with the Associated Press. We know what business the Associated Press is engaged in. It is the first declared purpose of this organization to provide a common agency for gathering and disseminating information of value to reputable newspapers——

Mr. NORRIS. That relates to the credit of advertisers and advertising agents.

Senator GALLINGER. Business matters?

Mr. NORRIS. Entirely; this relates entirely to the business side of the newspaper as distinguished from the news side of the newspaper which holds the relation to the Associated Press.

Senator GALLINGER. I am very glad to have that explanation, because on the face of it it seems that you are duplicating the work of the Associated Press.

Senator HEYBURN. Your work has nothing to do with the newspaper, but rather with the by-product, namely, the advertising. Is that it?

Mr. NORRIS. My work——

Senator HEYBURN. I mean the work of this association.

Mr. NORRIS. The work of this association?

Senator HEYBURN. What has it to do with news. You say it relates to advertising?

Mr. NORRIS. Nothing as to the news reports.

Senator HEYBURN. Then the term "newspaper" is a misnomer there, is it not?

Mr. NORRIS. Not at all.

Senator HEYBURN. It should be the advertising department of the newspaper.

Mr. NORRIS. It is not confined to advertising.

Senator SMOOT. Does your association have anything whatever to do with club-rate magazines?

Mr. NORRIS. No, sir.

Senator SMOOT. None whatever?

Mr. NORRIS. I do not recall.

Senator SMOOT. Does it ever have anything to do with the rates charged for papers?

Mr. NORRIS. No, sir. You mean that the association fixes the rates the newspapers should charge for advertising? Emphatically no.

Senator SMOOT. Has it anything to do with the rates fixed for club subscriptions to magazines?

Mr. NORRIS. No, sir; emphatically not.

Senator SMOOT. You speak positively on that question. do you?

Mr. NORRIS. I speak with the utmost emphasis.

Senator SMOOT. All right; I think it will be found out before very long that they do.

Mr. NORRIS. Club rates for magazines?

Senator SMOOT. Yes.

Mr. NORRIS. You surprise me. I have had relations with the association for many years, and this is the first intimation I have had of it.

Senator SMOOT. I have received information to that effect.

Mr. NORRIS. You must have had a great many intimations that I have not any knowledge of.

Senator HEYBURN. I think the committee would be benefited by knowing just what business you do more specifically. What business does your association transact? Give us an insight into it.

Mr. NORRIS. It has a labor bureau—

Senator HEYBURN. What does the labor bureau do?

Mr. NORRIS (continuing). With a special standing committee to adjust the relations of newspapers with labor unions.

Senator HEYBURN. Name another function.

Mr. NORRIS. It has a paper bureau, of which I am the head—chairman of the committee on paper—to do missionary work in the matter of paper.

Senator HEYBURN. Just explain what you mean by missionary work.

Mr. NORRIS. You have heard, as Senators, of some of the advantages of free print paper.

Senator HEYBURN. You mean you are devoted merely to forwarding the cause of free print paper?

Mr. NORRIS. And matters incidental to that; yes.

Senator HEYBURN. And the bureau is organized for that purpose?

Mr. NORRIS. Yes, sir.

Senator HEYBURN. And you are here representing it for that purpose alone?

Mr. NORRIS. I am representing it largely for that purpose.

Senator HEYBURN. In the interests of free print paper?

Senator GALLINGER. In that regard have your missionary labors extended to Canada?

Mr. NORRIS. No; I think Mr. Hastings has been trying that end of it. He is the president of the American Pulp and Paper Association. I trust that you will exercise equal energy and diligence in your inquiry into that.

Senator HEYBURN. The committee will be able to take care of that.

Mr. NORRIS. I have no doubt.

Senator SMOOT. Are you the author of the article headed "Reciprocity in the farmers' home?"

Mr. NORRIS. No, sir.

Senator SMOOT. Are you the author of the article headed, "Farm land values, wages, and values in the United States?"

Mr. NORRIS. No, sir.

Senator SMOOT. Are you the author of "Reciprocity in the farmers' market?"

Mr. NORRIS. No.

Senator SMOOT. You had nothing whatever to do with them?

Mr. NORRIS. I probably asked to have some such article prepared.

Senator SMOOT. Have you been distributing them throughout the country?

Mr. NORRIS. Certainly.

Senator SMOOT. Through your bureau?

Mr. NORRIS. That was through me.

Senator SMOOT. You do not mention in these pamphlets, do you, anything about print paper?

Mr. NORRIS. Purely an oversight. If we have not mentioned free print paper to every newspaper and to every Congressman, and everywhere, shouted it from the housetops, it is my fault.

Senator SMOOT. You did not send these pamphlets to the Senators; they were not prepared for Senators; they were prepared for some other purpose, but your bureau is issuing them. Your bureau was established for the purpose of securing free print paper, was it not, and the words "free print paper" are not used in any of the pamphlets?

Mr. NORRIS. I guess that is true. My attention had not been called to it until recently, but—

Senator WILLIAMS. You have been engaged, have you not, Mr. Norris, in having literature written and disseminated in favor of the Canadian reciprocity agreement?

Mr. NORRIS. Unquestionably; with every resource at my command.

Senator WILLIAMS. And you thought you had just as much right to do that as anybody had—to have papers prepared and disseminated against it?

Mr. NORRIS. Certainly.

Senator WILLIAMS. And as much right to argue it from every standpoint as anybody else has?

Mr. NORRIS. Certainly.

Senator WILLIAMS. And you do not consider it a crime to put anything upon the free list?

Mr. NORRIS. On the contrary. Shall I proceed?

Senator CLARK. In this literature sent out, on which the Senator from Mississippi has just interrogated you, did you make known to the parties to whom you sent the literature your particular interest in this reciprocity treaty?

Mr. NORRIS. I think my name was signed as chairman of the committee on paper of the American Newspaper Publishers' Association, was it not?

Senator CLARK. I have not seen them; I am asking you.

Mr. NORRIS. Yes; there is no concealment of that.

Senator CLARK. I asked for information; nothing else.

Mr. NORRIS. I understand.

Senator CLARK. I have not seen any of these circulars.

Mr. NORRIS. I know, but I rather resent the implication that I have been trying to do anything underhand.

Senator STONE. You signed your name as chairman of the committee on paper?

Mr. NORRIS. As chairman of the committee on paper of the American Newspaper Publishers' Association.

Senator STONE. Yes. I would like to find out whether anybody else did the same thing.

Mr. NORRIS. Shall I proceed? I have made three or four efforts to read this little resolution.

(Mr. Norris thereupon read the resolution referred to, which is as follows:)

The American Newspaper Publishers' Association in annual meeting, assembled at New York City, respectfully urges the United States Senate to pass

speedily and without amendment, House bill 4412, known as the reciprocity bill. It also urges the abolition of import duties upon print paper, when made from free wood wherever found.

Senator HEYBURN. Why did you protest against its being amended? Is your association satisfied with every provision of the bill?

Mr. NORRIS. We are satisfied with the bill.

Senator HEYBURN. Did you consider the other provisions than that that related to the newspaper print paper—did you consider the free grains, free stock—

Mr. NORRIS. I can not tell what was in the minds of the various publishers, but I certainly can speak as to what was in my own mind.

Senator HEYBURN. How was it in your mind with regard to those questions; had you considered the grain, the stock, and meat industries?

Mr. NORRIS. Surely.

Senator HEYBURN. And you are willing to favor all those measures?

Mr. NORRIS. Surely.

Senator HEYBURN. He just happened to strike your judgment exactly in drawing up this bill, whoever it was?

Mr. NORRIS. I do not know that it went quite as far as I would go.

Senator HEYBURN. Were you taken into consultation with reference to the preparation of this measure at any time?

Mr. NORRIS. For a year I was diligently pursuing everybody who could possibly have any impress on it, with the idea of promoting it.

Senator HEYBURN. For a year you have been engaged—for a year, perhaps, before the introduction, or rather, before the announcement of this treaty, you had been engaged in trying to promote it, had you?

Mr. NORRIS. I certainly have been shouting for it, and if there is anyone that I failed to urge it upon that is my fault.

Senator HEYBURN. Will you kindly state what, if any, officers of the Government of the United States you conferred with in regard to it.

Mr. NORRIS. Urged it on them?

Senator HEYBURN. Yes.

Mr. NORRIS. I urged it on everybody.

Senator HEYBURN. You urged it on the President of the United States?

Mr. NORRIS. I do not recall, in words or actions, Senator, that I did; I should have done it and would have done it—

Senator HEYBURN. Did you do it?

Mr. NORRIS. I am not quite clear on that, but I certainly would have done it if the occasion had arisen, had I thought it was necessary.

Senator HEYBURN. Personally or by correspondence?

Senator CULLOM. Mr. Norris, your chief business was to secure free print paper by the preparation of this reciprocity bill?

Mr. NORRIS. Certainly; well, I did not prepare the reciprocity bill.

Senator CULLOM. I do not say you did, but that was the reason—

Mr. NORRIS. It certainly was a means to that end; yes, sir.

Senator GALLINGER. Did you confer with any of the officers of the State Department—Mr. Pepper, for instance—with reference to this matter?

Mr. NORRIS. I saw Mr. Pepper from time to time about the duties on paper and the possibilities with Canada, as I am quite sure Mr. Hastings and Mr. Lyman had been doing also.

Senator SMOOT. Is it your testimony now that the bill that your association approved of allowed Canadian paper to come into this country free and did not provide for the paper made in the United States to enter into Canada free?

Mr. NORRIS. Senator, will you permit me to make my statement with respect to our dependence upon Canada for the raw material of paper making, and then I think I will have answered you adequately and covered every point of the inquiry.

Senator SMOOT. No; that is not my question; that is not what I wanted to know. You have just read here a resolution passed by your association in favor of this bill, and also specifically stating, "Without amendment." Now, I ask you whether your association knew when it passed that resolution whether the bill permitted paper and wood pulp to come into the United States free from Canada and did not permit paper and wood pulp to go from the United States into Canada free?

Mr. NORRIS. I deny the accuracy of that statement.

Senator SMOOT. In what way?

Mr. NORRIS. If you will permit me to make my answer in my own way—

Senator STONE. Mr. Chairman, I submit the Senator ought not to contradict the witness, and that the witness should be permitted to make his statement in his own way, without having a question interjected right into the middle of his statement.

Senator SMOOT. Mr. Chairman, the gentleman can answer the question "yes" or "no." I asked whether the association knew, when they passed the resolution, certain things; if he does not know what they considered that is all there is to it. If he does, then he ought to say so.

Mr. NORRIS. The association heard a statement from me upon this bill and adopted this resolution; whether in that statement I touched specifically upon that which is in the Senator's mind, I do not now recall.

Senator HEYBURN. Did you know it at that time?

Mr. NORRIS. I did not know it then, and I do not know it now. May I proceed with my statement?

The CHAIRMAN. If there are no further inquiries to be addressed to you just now, you may proceed.

Mr. NORRIS. Cheap paper and the retention of the print-paper industry in the United States can be secured by the adoption of the paper clause of the reciprocity treaty, and it seems from present indications that those results can not be obtained in any other way. The Canadian Provinces which control the raw material of paper manufacture are trying to force American paper mills to move to the other side of the boundary line. They have prohibited the exportation of pulp wood from provincial land; they believe they can starve out the American paper makers, whose domestic supplies are nearly exhausted. The Dominion Government of Canada has not adopted this policy of starvation, but the Dominion Government is as powerless to stop the Provinces from working out their policies of prohibition as the American Government is with respect to the

Pacific Coast States in the matter of Japanese exclusion, or the State of Minnesota in the regulation of its swamp lands.

In the year 1909 the American paper makers had a chance to consummate an arrangement with Canada whereby the supply of wood from the Province of Quebec would be continued indefinitely. The House of Representatives adopted this program, which the Mann committee had formulated because the provincial authorities had said that if they were expected to allow their wood to go to the United States without restriction, then Canadian paper made from that same wood should not be subjected to a heavy tariff. That was a reasonable proposition, but the American Senate, at the instigation of ex-Senator Hale and of the extreme standpatters among the paper makers upset that arrangement and undertook to bulldoze the Canadian Provinces by the imposition of retaliatory duties to let their pulp wood come into the United States without restriction.

Senator HEYBURN. Who was it undertook to bulldoze them?

Mr. NORRIS. The Senate, or the Members of the Senate.

Senator HEYBURN. Undertook to bulldoze the Canadian Provinces?

Senator BAILEY. Mr. Chairman, I object to a statement to the committee of that kind, and I shall object to this witness proceeding until that is eliminated.

Mr. NORRIS. I withdraw it.

Senator BAILEY. I think it is clearly improper for a witness to come before the Senate committee and charge the Senate with bulldozing.

Senator WILLIAMS. I do not think we had better stand on our feelings in the matter.

Senator BAILEY. I do object. If any other Senator wanted to bulldoze, of course he can then assent.

Senator HEYBURN. Those of us who were Members of the Senate may object to being so characterized.

Mr. NORRIS. I will tell the Senator, when I finish reading, of an incident which occurred which I think precipitated a very serious situation upon us as a result of this policy.

Senator BAILEY. Wait a minute.

Mr. NORRIS. I have withdrawn that. I wish to say in good faith to the Senator that I have a number of the copies printed, and I will have difficulty in reaching or in canceling that statement in those copies.

Senator BAILEY. Do you mean—

Mr. NORRIS. I mean I want to show the Senator that I do not want to be charged subsequently with bad faith in having withdrawn it here.

Senator CLARK. You have already sent out this statement you are now making.

Mr. NORRIS. Well, it is out subject to release.

Senator CLARK. At what time?

Mr. NORRIS. I suppose it would be released when I appeared on the stand.

Senator CLARK. It is released now, I suppose, and will appear no doubt in the press to-morrow?

Mr. NORRIS. I do not know whether that particular part will; it is quite likely that it will, though.

Senator HEYBURN. Well, I think that the witness should not release or allow to be released any such statement.

Mr. NORRIS. I am afraid it has gone.

Senator HEYBURN. Since you came on the stand? That is rather a singular condition.

Mr. NORRIS. Not at all; not at all. It is a statement prepared in advance, sent out to the various newspapers to be released.

Senator STONE. Well, it will not appear in the record here.

Senator HEYBURN. But it will appear in the press throughout the country.

Senator WILLIAMS. Does the Senator take the position that a Senator of the United States—I am not talking about the record now—has not a right to use newspapers to give out statements?

Senator CLARK. I do not think that he has a right to give out to the newspapers an interview before this committee that has not occurred, and that is the result of this release.

Senator HEYBURN. I want it to appear for the purpose of estimating the testimony of this witness.

Senator BAILEY. You may not think it offensive to be charged in that way, but I do, and I seriously object to it.

Senator WILLIAMS. Of course we are a committee of the Senate, and we have a right to say what shall go in the record of the hearing; but what I am speaking about is there is not a Senator here who has done it, who has not sent out a speech with a request that it was to be released when he got on his feet—

Senator HEYBURN. There is a Senator here.

Senator WILLIAMS. In a college address or some other address, and in so doing he usually pursues the regular course, and Mr. Norris is now trying to explain that when the committee objects he will find some difficulty in withdrawing some of those copies; maybe some of them are already published.

Senator BAILEY. I want it understood that I enter a protest against a statement that the Senate, at anybody's instigation, "bulldozed" the Canadian Provinces, going into this record. It frequently happens gentlemen prepare advance copies of speeches to be delivered, and do not say exactly what they have written or printed. I assume that the witness has done that. This, however, is the first case in which any gentleman, having made a statement before the committee, was invited by the press to prepare it in advance. But I can understand that, because I understand Mr. Norris appears as their representative, and they naturally want to have their views before the country, and I do not make any protest about what has gone out, even if it is a mistake, but I think most everybody will agree that the Senate committee will be lacking in self-respect if it allowed a gentleman to come and put in its own record a statement that members of the Senate were guilty of an attempt to bulldoze.

Mr. NORRIS. I say I recognize the propriety of what the gentleman said, and I think I have gone much further probably than I should in addressing the Senate committee on that subject.

Senator BAILEY. Well, that is all right.

Mr. NORRIS. Instead of composing the situation, they provoked an ugly complication to which the paper clause of the reciprocity treaty offers the only immediate and promising solution. It aims to exert an economic pressure upon the Canadian Provinces for an ultimate abandonment of their policies of prohibiting the exportation of the

pulp wood necessary to produce cheap paper. It does so by permitting paper to come in free of duty from any and every Province of Canada when that paper is made from free wood—in other words, from wood which is not subject to the prohibition of exportation. The duty of \$2 per ton proposed by the Mann committee, which was satisfactory at that time to the Canadians, would not now be considered by them. The Province of Quebec recently refused to consider a proposition of free paper in exchange for free wood. The provincial authorities show grim determination. They believe they have precipitated a situation which has put the American paper maker at their mercy and they propose to bring the paper industry to that Province upon terms dictated by them. The paper makers might just as well try to fight the stars in their courses as to ignore the fact that Canada controls the supply of the raw material of cheap paper and that Canada must be dealt with upon a reasonable basis.

The Province of Quebec covers 340,000 square miles, which is apportioned as follows:

Owned by the Province: Crown lands in timber, 200,000 square miles; Crown lands burned, Crown lands waste, Crown lands culled, streams, 106,000 square miles. Private lands: Under seignior, 16,000 square miles; and under letters patent, 18,000 square miles; total, 340,000 square miles.

Of the 34,000 square miles of private land, much is under cultivation. Only 8,000 square miles is in timber. It is obvious from these figures that the Province of Quebec has cut off from exportation all but one twenty-fifth of the timber area. American paper makers own over 12,000 square miles of timber rights on the Crown lands of Quebec, from which they can not now ship pulp wood because of the prohibition of May 1, 1910. They must manufacture in Canada.

Senator GALLINGER. I think I understood you a moment ago to say that under the existing conditions it was inevitable; that the paper-making industry would be driven into Canada. Am I correct in that?

Mr. NORRIS. Unless something is done for the supply of the print paper, for the raw material.

Senator GALLINGER. Is it not a singular circumstance that the paper makers and employees of the mills are here protesting against this so-called reciprocity agreement?

Mr. NORRIS. Not at all; because they have found that they can pass along all of the increased cost to the newspaper, and the newspaper is carrying the load.

Senator GALLINGER. Has there been much increase in the cost of paper?

Mr. NORRIS. There has been much increase in the cost of newspaper.

Senator GALLINGER. Recently?

Mr. NORRIS. Since the International Paper Co. was formed there has been an increase of from \$32 to \$45 per ton.

Senator GALLINGER. Is that any greater than the increased cost of other products?

Mr. NORRIS. I think so.

The International Paper Co. says it proposes to build paper mills in Canada, tariff or no tariff. The Berlin Mills Co. has already established a sulphate-pulp installation and a Kraft plant at La Tuque, Quebec, under concessions granted by the provincial government. The Union Bag & Paper Co. has built a 40-ton pulp mill at Three



Rivers, Quebec. The provincial authorities of Quebec are trying to duplicate the performance of Ontario, which compelled Michigan lumbermen to move their operations to the north shore of the lakes. Ontario also starved the Wisconsin Paper Mills, which are now in hard straits for their pulp-wood supplies. The State of Wisconsin, in which most of the western paper mills are located, has been cleaned out of spruce. Three years ago Forester Pinchot estimated that the available supply of pulp-wood timber in the United States would last as follows:

New York State, 8½ years.

Pennsylvania, 9 years.

Minnesota, 9 years.

Vermont, 11 years.

New Hampshire, 25 years.

Maine, 28½ years.

Senator GALLINGER. Are you not looking, as a practical business man, and is not every wise man who is engaged in the line in which you are, looking for substitutes for spruce in the manufacture of paper?

Mr. NORRIS. Are we looking?

Senator GALLINGER. Are you not anticipating?

Mr. NORRIS. We have been waiting long for that. It is not in the commercial stage, and it is not likely to be for any considerable time. In the meanwhile we must pay approximately \$6,000,000 a year while this development is coming, and there is no sign of it yet.

Senator GALLINGER. The Secretary of Agriculture informed me recently that he hadn't any doubt of it at all.

Mr. NORRIS. There is a premium of millions and millions of dollars upon the man who will to-day provide a substitute for spruce wood to be used in the manufacture of news-print paper; there is an inducement.

Senator GALLINGER. They are already using a great many other woods, are they not?

Mr. NORRIS. Not for news-print paper.

Senator GALLINGER. They are mixing, are they not?

Mr. NORRIS. Slightly. But the spruce wood is the main material of paper making, and the mixture is quite insignificant.

Senator GALLINGER. Well, not so insignificant.

Mr. NORRIS. Well, we pay the bill. We must bear that burden, and we are certainly entitled to some consideration in that matter.

The Province of Ontario prohibited the exportation of pulp wood 10 years ago because of legislation by Congress in the shape of a countervailing duty which American millmen put into the Dingley law of 1897. The Province of British Columbia enforced its prohibitory regulation in 1906. Quebec made its prohibition effective May 1, 1910. New Brunswick had fixed October 1, 1911, as the date for the application of its prohibition of exportation. The Province of Quebec is contiguous to the considerable papermaking interests of New York and New England which have heretofore drawn large supplies of pulp wood from that Province.

Under the reciprocity treaty, paper made from free wood comes in duty free. Print paper made from restricted wood is subject to a duty of \$5.75 per ton. The Canadian Provinces are offered the opportunity of access to the large and attractive American market upon

condition that they allow the American papermaker to obtain his free raw material without restriction. The private lands of the Provinces are put into competition with the Crown lands. The application of the treaty clause would confine the production of paper and pulp for the American market to wood produced from private lands. It would impair the provincial revenues heretofore obtained from wood cut on Crown lands so long as exportation was prohibited. It would stop the offering of inducements by the provincial authorities to American millmen to locate in Canada on Crown lands. The paper clause has already stopped the sale of concessions by Ontario to mills tributary to Crown lands, notably in two offerings made on April 10, 1911.

Newspaper publishers who pay \$55,000,000 per annum for their print paper have taken a wide view of this Canadian situation. Naturally, they want to broaden their market, but they have opposed the effort of the Canadian Provinces to force the paper industry to Canada. If, however, American paper makers continue upon their present course of combinations and restriction of production and limitation of stocks on hand and increases of prices whereby they pass along the cost of all their blundering methods to the consumer to the extent of \$6,000,000 per annum, it is conceivable that patience will be exhausted and that these consumers may ask that print paper be admitted free of duty without condition. It is certain that with the unlimited supply of pulp wood in Canada and with the ample water powers of that country no paper-trade combination can be formed there which could permanently mark up paper prices. An abnormal increase in paper quotations would put a premium upon the building of new plants and would bring, as it does upon all such pools, the inevitable penalty of an increase of production. Such an outcome is not possible in the United States paper trade because the available water powers have been taken up for other industrial purposes and the timber areas tributary to those water powers have passed into the hands of large holders for speculative purposes.

An evidence of the increasing dependence of the paper trade of the United States upon outside sources for raw material is found in the purchase of wood pulps from abroad. During the fiscal year of 1909 the consumption of pulp wood and pulps made abroad was equivalent to 1,211,208 cords. In the fiscal year of 1910, this consumption was 1,688,106 cords, an increase of 39 per cent in one year. For nine months of 1911 the importation of pulps has almost doubled the importation of two years ago, all of which has been at the expense of the newspaper publisher, who is the consumer. The paper industry paid \$19,406,074 to foreigners in the calendar year 1910 for pulp woods and pulps to keep American paper mills going. The consumers paid penalties of \$150,000 in retaliatory duty because there was an inadequate supply of free wood in Canada available for the needs of this market. Nearly 40 per cent of the wood and pulp which we now use as the raw material of cheap paper comes to us from abroad. What unbiased legislator considering this pulp and paper proposition solely from the standpoint of supply and demand can permit the present situation to continue, much less to aggravate it by promoting reprisals from those Provinces of Canada which are in position to dictate terms? The Canadians are keen; they are well aware of the strength of their position and it is folly to mince

words or to indulge in loose threats or to subject the consumers of paper to the disastrous consequences of such a trade war as the rejection of this paper clause would entail.

I also desire to submit a story of paper combinations and oppressions, giving a résumé of the various paper combinations, starting off with the consolidation of 24 mills into the International Paper Co. in January, 1898, and showing the creation of the attacks upon the boxboard pool, the fiber and manila pool, the excessive capitalization of the International Paper Co., speculation in woodlands, and the sulphite pool.

Senator CLARK. While you were reading those items I noticed you made one very important statement, to my mind, and that was that one of the controlling features in this matter was the monopolization of the water supply in this country, contrasting that with the free power supply in Canada. Now, have you any information as to that particular part?

Mr. NORRIS. Now, I can give you offhand a statement which I think will satisfy you upon that one phase of it.

Senator CLARK. I do not know whether it will satisfy me or not, because the water supply is monopolized, and that does not satisfy me.

Mr. NORRIS. Well, it will be a fair answer as to the International Paper Co. Mr. Chester W. Lyman, representing the International Paper Co., stated to the Ways and Means Committee on February 23, 1911, "when bankruptcy was staring many paper mills in the face," the International Paper Co. gathered up a lot of old worn-out mills and they gathered up a lot of water powers, and they have to-day 194,000 horsepower undeveloped.

Senator CLARK. Where is that?

Mr. NORRIS. I do not know. That was in Mr. Lyman's statement to the Ways and Means Committee, or to the Mann committee, I have references to it. It was a statement, I think, made November 21, 1908.

Senator LODGE. Do you mean there is no undeveloped water power in the United States; that there is no water power in the United States, practically, that is not now in the control of some interest?

Mr. NORRIS. No; not at all. What I mean is that the opportunities for paper making on undeveloped water power with spruce wood available and tributary to them for the purposes of the paper mills are so few, especially in New England and New York, where the markets naturally would be, that there has not been the development which this large market would invite. Here, now, we are paying \$55,000,000 a year; the profits for a mill that could obtain those facilities would be extra large. That would be an inducement if those opportunities could be found, and the fact the installation has not been made may fairly be assumed as evidence that it is not available, or that there are better uses to which those powers can be put, or that the land is in speculative holdings.

"When bankruptcy was staring many (paper) mills in the face," the International Paper Company was organized in January, 1898, by the consolidation of 24 paper mills. The phrase in quotation was used by Mr. Chester W. Lyman, representing the International Paper Co., to the Senate Finance Committee on February 23, 1911, and it is

assumed that he described mills which were merged into that company.

The total output of American news-print paper mills in 1898 was 1,600 tons per day, and the International Paper Co. practically absorbed 80 per cent of the entire American production, including practically every important mill in New England and New York with one exception.

The mills were bought and consolidated on the basis of a daily output of 1,576 tons, but the actual output of those plants was 1,200 tons per day on 111 machines, or an average of 11 tons per day per machine.

At that time the paper machines in other mills were averaging 25 tons per day per machine; so that the equipment turned over to the consolidated company was not within 40 per cent of standard capacity. Since 1898 the speed of paper machines has increased from 300 feet per minute to 650 feet per minute, the width has increased from 100 inches to 184 inches, and the product has increased from 25 tons per day per machine to 56 tons per day per machine.

Senator HEYBURN. Are you speaking of the International Paper Co.?

Mr. NORRIS. No; I am speaking of the paper machines generally in this country.

Senator HEYBURN. In this country?

Mr. NORRIS. Yes; this country makes the best paper-making machines, and all the Canadian mills are equipped to-day with the American paper-making machines.

The following mills were combined:

Maine.—Falmouth at Jay, Otis Falls Pulp Co., Webster, Rumford Falls.

New Hampshire.—Glen and Franklin.

Vermont.—Bellows Falls and Wilder.

Massachusetts.—Haverhill, Turners Falls, and Montague.

New York.—Fort Edward, Glens Falls, Herkimer, Niagara, Palmers Falls, Piercefield, Ticonderoga, Ontario, and Watertown Group.

Immediately after consolidation the International Paper Co. sold 3 of the 111 machines which it took over; it discontinued 15, it leased 5, and it put to other uses or gradually changed from their original purpose of news-print manufacture 23 machines; a total of 46 machines taken from its field of news-print-paper production.

These figures were furnished by the general manager of the International Paper Co. to the Mann committee and can be found on page 1074 of that investigation.

In 13 years the International Paper Co. has rebuilt or lengthened or patched up some of its old machines, but in all that period it has added only two new machines to its equipment for news-print manufacture, so that when it made a showing to the Mann committee in 1908 it disclosed only 67 paper machines used on news.

Its present average output is less than 20 tons per day per machine, whereas up-to-date machines are making 56 tons per day per machine. The capacity of the International Paper Co. is only 35 per cent of modern equipment. Yet the International Paper Co. is asking Congress to put a premium upon the antiquity of plants in mills that were verging on bankruptcy 13 years ago.

## EXCESSIVE CAPITALIZATION.

The financial side of the International Paper Co. furnishes a striking instance of excessive capitalization.

In 1901 the St. Regis Paper Co. mill at De Feriet, N. Y., was built complete at a cost of \$12,500 per ton of daily output, including hydraulic installation, pulp-grinding plant, sulphite digestors, and paper mill. The International Paper Co. had an actual output of 1,200 tons per day of news-print paper when it was organized, but it was short 40 per cent in ground-wood mills and in sulphite-pulp auxiliaries. The mills that had bankruptcy staring them in the face at that time could have been duplicated in better locations for \$15,000,000. The company was capitalized at \$55,000,000, in addition to rentals of \$196,000 per annum for water power and for other fixed charges, which would increase the capitalization in excess of \$80,000,000, so that the American consumers of news print paper have been forced to shoulder the burden of an inflation of at least \$40,000,000.

The capitalization of 1,200 tons of daily output was fixed at \$60,000,000, or \$50,000 per ton of daily output, for bankrupt mills that were incomplete and unbalanced, as Mr. Lyman testified, because the sulphite-pulp capacity and the mechanical pulp capacity have since been increased 40 per cent to balance the paper machinery.

It will be noted that this capitalization of \$50,000 per ton of daily output for incomplete and unbalanced mills was four times the rate at which the St. Regis Co. built a complete and balanced mill.

When the Ways and Means Committee heard testimony on the paper schedule on November 21, 1908, the chairman, Mr. Payne, asked Mr. Lyman, representative of the International Paper Co., to produce and file with the committee a statement showing the purchase price of each of the properties merged into the International Paper Co. and how paid, in cash or bonds or otherwise, and the capacity of each mill and the number of tons they made each day at the time of purchase. That statement, if ever made by the International Paper Co., can not be now found in the files of the Ways and Means Committee.

## SPECULATING IN WOOD LANDS.

Instead of confining itself to the manufacture of paper, the International Paper Co. launched into a gigantic wood-land speculation. In 1898 the company owned 450,000 acres of spruce land in New York, Maine, New Hampshire, Vermont, and Michigan, and it held Government licenses for 1,132,000 acres in Canada. Ten years later it owned 1,079,969 acres in fee and 2,689,280 acres in limits, a total increase of 3,417 square miles.

Gifford Pinchot and Mr. Dillon, the vice president of the Great Northern Paper Co., said that 1,000 acres of spruce land would reproduce enough wood to make 1 ton of paper per day perpetually. The International Paper Co. had acquired 3,769,249 acres, or enough to reproduce approximately three times its output. Moreover, it had been in the habit of cutting from its own lands only one-fourth of the wood which it used. So that it had twelve times the quantity which it actually needed for its immediate purposes. The policy which it has urged upon Congress in dealing with Canada has re-

sulted in the alternative submitted to it of suffering a practical deprivation of the use of 4,200 square miles of its timberlands in Quebec and New Brunswick or the removal of the company's manufacturing operations to Canada.

ANOTHER NEWS-PRINT COMBINATION.

Following the combination of the 24 mills, many of which were verging on bankruptcy, into the International Paper Co., the news-print-paper mills and the wrapping-paper mills of Wisconsin and Minnesota organized the General Paper Co., which the United States Government attacked in 1904, at the instance of the American Newspaper Publishers' Association. The mills fought stubbornly until March 14, 1906, when the United States Supreme Court decided that the officers of the paper companies could not withhold their books from judicial scrutiny. They then consented to dissolve, and a formal decree of dissolution and a prohibition from further participation in such combinations was entered of record on June 18, 1906, in the Circuit Court of the United States for the District of Minnesota, against 22 paper companies, as follows: Itasca Paper Co., Hennepin Paper Co., Wolf River Paper & Fiber Co., Atlas Paper Co., Kemberly & Clark Co., Riverside Fiber & Paper Co., Combined Locks Paper Co., Dells Paper & Pulp Co., Grand Rapids Pulp & Paper Co., Menasha Paper Co., The C. W. Howard Co., Nekoosa Paper Co., Fall's Manufacturing Co., Flambeam Paper Co., John Edwards Manufacturing Co., Wisconsin River Pulp & Paper Co., Tomahawk Pulp & Paper Co., Northwest Paper Co., Consolidated Water Power & Paper Co., Petosky Fiber Paper Co., Rhinelander Paper Co.

THREE OTHER PAPER POOLS.

A promoter named John H. Parks, located at No. 1 West Thirty-fourth Street, New York, organized six pools from which he derived a personal income of \$25,000 per month, or at the rate of \$300,000 per annum. Among these pools were the fiber and manila pool, the box-board pool, the sulphite pulp pool.

Each of these pools affected the market for news-print paper and influenced its price. When mills which can be changed to make news-print paper with slight cost are made excessively profitable in other directions by these pooling arrangements, then their equipment is kept out of news-print-paper production and a news-print-paper famine is promoted.

Copies of the minutes of these organizations were furnished to the United States authorities. Parks's office was raided by them and the following companies in the fiber and manila pool were indicted, pleaded guilty, and paid fines:

FIBER AND MANILA POOL.

Allen Bros. Co., Analomink Paper Co., Bedford Pulp & Paper Co., Bayless Pulp & Paper Co., Brownville Paper Co., Champion Paper Co., Central Paper Co., Continental Paper Co., De Grasse Paper Co., the Dexter Sulphite Pulp & Paper Co., Detroit Sulphite Pulp & Paper Co., Fletcher Paper Co., Gould Paper Co., Hartje

Paper Manufacturing Co., The Island Paper Co., Island Paper Co., Jefferson Paper Co., Newton Falls Paper Co., Orono Pulp & Paper Co., Parsons Pulp & Paper Co., the Raquette River Paper Co., York Haven Paper Co., Munising Paper Co. (Ltd.), Charles W. Pratt & John W. Moyer.

We had charged that the International Paper Co. was producing 63,000 tons of manilas annually in four of its mills and was selling that output through the Continental Paper Bag Co., its exclusive selling agent. We charged that the International Paper Co., through the Continental Paper Bag Co., whose stock it controlled, was participating in the fiber and manila pool. Mr. Waller, vice president of the International Paper Co., appeared before the Mann Committee on May 18, 1908 (p. 1169 of Hearings) and unqualifiedly denied any participation or any interest in any combination or any pool of any sort, either directly or through selling agents, and this applied to "any grade of paper." Yet within 32 days after that testimony was given, that is on June 19, 1908, the Continental Paper Bag Co. pleaded guilty to participation in the fiber and manila pool. The Continental Paper Bag Co. hid its identity in the records of the association by appearing on the minutes as John Smith. And the indictment shows that that association voted (see folio 55 of Indictment) to send its uniform price list to Mr. Sparks, of the Union Bag & Paper Co., and "one to Mr. Waller of the International Paper Co., for their guidance."

#### BOX-BOARD POOL.

The members of the box-board pool were also indicted, as follows: Albia Box & Paper Co., American Paper Co., Boehme & Rauch Co., The Colin Gardner Paper Co., Eastern Straw Board Co., Empire Paper Co., Foster Box Board Co., Fort Orange Paper Co., Kokomo Paper Co., Lydall & Foulds Paper Co., Marion Paper Co., New Haven Pulp & Paper Co., Ohio Box Board Co., Niles Board & Paper Co., Ravenswood Paper Manufacturing Co., the Tait & Sons Paper Co., the United States Board & Paper Co., Haverhill Box Board Co., Piermont Paper Co., Beveridge Paper Co., Chicago Coated Board Co., Philadelphia Paper Manufacturing Co., Lafayette Box Board & Paper Co., Franklin Board & Paper Co., Vincennes Paper Co., Elkhart Bristol Box & Paper Co., Tonawanda Board & Paper Co.

The minutes showed that the box board pool profits of \$4,835,-652.45 were obtained on sales of 853,677 tons for \$32,151,824.96.

#### THE SULPHITE POOL.

For five years prior to 1908 the members of the sulphite pulp pool had been attending monthly meetings to hold up the market by its boot straps. They were continually embarrassed by the refusal of Theodore Burgess, of the Burgess Sulphite Co., of Berlin, N. H., producing 340 tons of sulphite per day, to restrict his tonnage. Finally he was bought out by Mr. W. W. Brown, of the Berlin mills, who cut the mill's production to 90 tons per day; and a shout of great joy went up from the sulphite pulp pool over the elimination of this disturber.

When the American Newspaper Publishers' Association started to dig into these various paper pools, the sulphite pulp pool dissolved and reorganized in December, 1907, as a bureau of statistics.

Reverting to the early history of the combination which developed into the International Paper Co. I should state that a delegation of paper makers headed by Mr. William A. Russell appeared before the Ways and Means Committee, on December 31, 1896, and urged the framing of the paper schedule to suit the purposes of a number of mill men who were then organizing the industry so that they might control prices. I appeared before the committee and charged that these gentlemen were then planning to form a combination of mills and to raise the price of news print paper to 2½ cents per pound, or \$50 per ton. In the report of that proceeding, you will find that Mr. Russell said:

I deny both that there is a combination formed or practically formed, or that any combination or any consideration of this matter by the paper manufacturers which contemplates raising the price of paper at all.

Within seven months after the passage of the so-called Dingley bill the International Paper Co. was formed from a consolidation of many mills, including those on the verge of bankruptcy, and immediate steps were taken to mark up prices.

The trade disturbances and price fluctuation in news-print paper, due to unlawful combinations, have been continuous since the passage of the Dingley bill. When the Federal Government dissolved the General Paper Co. at the instance of newspaper publishers, one of its officers threatened publishers with the vengeance of higher prices, apparently ignoring the fact that the association had already helped to add \$10 per ton to the cost of news-print paper.

Combinations to restrict production and to fix prices have been made in almost every one of the divisions of the American Paper & Pulp Association, as follows: News-print paper, book paper, fiber and manila, box board, sulphite pulp, tissue, writing, blotting paper, soda pulp.

Information relating to all these combinations was submitted to the Attorney General in October, 1907, and was subsequently embodied in a formal letter to him under date of February 10, 1908. It can be found on page 212 of the Pulp and Paper Investigation.

Mr. John A. Davis, who had been manager of the General Paper Co. until its dissolution, and who had been largely responsible for the methods which ultimately wrought its ruin, joined the firm of H. G. Craig & Co., of 261 Broadway, New York, February 1, 1907. His new venture was attended with the prompt acquirement of the selling agency of a number of mills, which theretofore had been acting independently. He controlled an output of about 750 tons daily from the following mills: St. Regis Paper Co., St. Croix Paper Co., Gould Paper Co., Taggarts Paper Co., West End Paper Co., Malone Paper Co., Le Ray Paper Co., De Grasse Paper Co.

Incidentally, he also sold paper for mills like the Cliff. At a period when prices were hardening from some cause Mr. Davis tied up over a million dollars in paper, representing more than 20,000 tons, so that when publishers applied to the International and Great Northern Paper Cos. they were informed that no paper was to be had from them, but suggested that a call be made on Mr. Davis. Within 15 minutes, in one instance, Mr. Davis called on the long-



distance telephone and arranged to ship paper at a price of \$2.65, equalling \$53 per ton. The representatives of the large paper companies, instead of exposing this manipulation of the market to the publishers and the authorities, steered purchasers to him, and they were equally guilty. Mr. Davis's action explains the so-called paper famine of 1907. The testimony of Mr. H. J. Brown, of the Berlin Mills, indicates another phase of Mr. Davis's operations in paper. Again, in March, 1908, when the Belgo Canadian Mill, of Shawinigan Falls, sold 10,000 tons of news-print paper to an American purchaser, Mr. S. A. Cook, of Neenah, Wis., president of the Alexandria Pulp & Paper Co., of Indiana, he was not permitted to dispose of all of it in this market, and 2,500 tons were sold to Lloyd, London, and another slice went to England, the purchaser paying the difference in cost. Some of the mills had apparently planned in August, 1908, to create a paper panic by writing to applicants that the entire output for next year had been sold out, all of which was untrue, because in other places their output was for sale.

#### REFUSAL TO ALLOW AN OPEN MARKET FOR PAPER.

The paper makers have arrayed themselves against open prices and against public quotations. They have preferred to keep their mills idle and their labor unemployed, and to allow Canada to sell paper here to the advantage of Canadian labor and the disadvantage of their own labor, rather than sell paper f. o. b. mill. When I applied to the Remington Martin Co. for 100 tons of paper which it wanted to sell, it refused to let me have the paper because I refused to tell the name of the buyer, the place to which it was to be shipped, and the contract relations of the purchaser to other companies. I applied to every considerable news-print paper mill east of the Rocky Mountains for paper on terms which insured cash in advance for the paper delivered on car at the mill, and I was not able to buy from more than 2 out of 50 mills. Many of them needed orders. Their labor was working part time, but they preferred to respect a "gentlemen's agreement" and starve the market to maintain a price. Some time ago I applied for a price for paper to be furnished to a Western publication, and I then discovered that the paper makers not only interchanged information, but apparently kept an index of the expiration of each paper contract. Cases have been brought to my notice of applicants for paper quotations who would be seated in one room while a clerk would call up some one to ascertain the status of the applicant. Almost invariably prohibitive prices were quoted under such conditions. Scores upon scores of publishers have complained that in some unaccountable way they had been apportioned to a particular mill at a given price, and that all the results of a paper pool were accomplished notwithstanding the denials of the news-print paper makers. Though the farmer has not the right to say who shall make into bread the wheat that he sells, yet these favored paper makers undertake to follow their paper into our pressrooms, and to dictate what publications shall be printed upon it.

Practically all of the mills of Wisconsin which were participants in the General Paper Co. have united in the creation of a traffic bureau which concentrates the routing and handling of one and one-half million tons of incoming and outgoing traffic for them. The

same mills have common buyers who purchase all of their pulp wood. For a time all of them had auditors inspecting their books and gauging their business, assumedly for Dean and Shibley. In view of the fact that these mills quote what seem to be agreed prices and accuse each other occasionally of cutting prices, I can not conceive of any machinery more complete for a combination in restraint of trade.

**"COOPERATION OF EVERYBODY."**

The American Paper and Pulp Association has established a bureau to collect reports of the operation of each mill. It was aptly described by Mr. Louis Chable, of the International Paper Co., at a banquet on November 10, 1909, as follows:

Within the last year, under Mr. Hastings's leadership, we have delved into statistics. We know to-day how many tons are produced in each grade of paper making, and we have separated each branch, and each branch reports to the association the daily output, the daily sales, and amount of stock, and disseminates this information to the parties interested, keeping them advised in that way what the prices should be under the law of supply and demand. There is absolutely nothing in the laws of the country that would prevent anything of this nature, and it enables the man to use his own judgment as to what he should do. Little by little our membership, which was about 90 two or three years ago, has increased to 185, all manufacturers, and we hope to round up every man who manufactures a pound of paper. Instead of having only a local organization, we succeeded in getting a national organization. The western men have come into our association with their usual vim, and are agreed to see this thing a success. We will soon have such an association that will really mean the cooperation of everybody in the paper-manufacturing industry, and will impose certain trade rules upon our paper manufacturers. There are no laws which would prevent us from making absolute trade rules to govern our industry. There is such a thing as abolishing abuses, and we have doubtless had a great many of them.

**DETAILS OF ADVANCES IN PAPER PRICES.**

Further evidence of the use of the information of that bureau to promote illegal purposes is obvious from the following:

The Paper Trade Journal of July 22, 1909, gave details of an advance of \$5 per ton by western manufacturers of fiber and manila and of \$3 per ton by eastern manufacturers.

The book-paper manufacturers advanced prices \$4 per ton, effective October 5, 1909, the West Virginia Pulp & Paper Co., the largest producer of book paper, being the first to publicly announce this advance. That action followed a meeting of eastern manufacturers of book paper held in New York City in the last week of August, 1909, with the announced purpose of conferring on trade conditions. Forty of the western paper makers met in Appleton, Wis., on September 1, 1909, nominally to banquet Mr. G. F. Steele. It was followed by intimations that an advance in prices was coming, and on October 5, 1909, the book-paper increase became effective.

At approximately the same time the makers of tissues (No. 2 and colored) announced an advance in price, which is reported to have been a second advance in tissues.

In November, 1909, the manufacturers of roofing paper announced an advance of \$4 per ton.

The western news-print paper manufacturers made a second advance of \$2 per ton in the first week of November, 1909.

It might be claimed that these manufacturers were following the upward trend of prices in all branches. What, then, will be the plea to the action of the sulphite pulp makers who promulgated on October 30, 1909, a reduction of \$3 per ton?

#### MEETING OF PAPER MAKERS IN CHICAGO.

On November 10, 1909, a meeting of paper makers was held at the La Salle Hotel, Chicago, where "informally matters affecting the paper industry were talked over." The persons in attendance at the meeting came principally from the West. Among those present, according to trade-paper reports, were: A. N. Burbank, president International Paper Co.; E. G. Barrett, president of the Union Bag & Paper Co.; H. J. Brown, of Berlin Mills Co.; M. S. Flint, of Berlin Mills Co.; A. C. Hastings, president American Paper & Pulp Association; F. J. Sensenbrenner, of Kimberly Clark Co.; G. F. Steele, of Nekoosa-Edwards Co.; C. I. McNair, of Northwest Paper Co.; Chas. Oberly, of Watab Pulp & Paper Co.; and A. C. Bossard, of Itasca Paper Co.

#### INTERNATIONAL PAPER CO. ANNOUNCEMENT AFTER CHICAGO MEETING.

Within 48 hours of that Chicago meeting—that is, on November 12, 1909—the International Paper Co., which had delayed for 10 weeks the announcement of its contract price for the year 1910, informed those papers which were dependent upon it for their supply of news print paper that its minimum price for yearly contracts in 1910 would be \$2.25 per 100 pounds delivered, or \$45 per ton, and that its minimum price at mill would be \$2 per 100 pounds, or \$40 per ton.

Many of those named proceeded westward to Minnesota and inspected the new mills of the Minnesota & Ontario Power Co., at International Falls, in the Rainy Lake district. It is reported that in a Pullman sleeping car at that place a conference was held with regard to prices. It is also reported that an understanding had been reached by the new Minnesota mill with the International Paper Co. that news print paper would not be sold by either at less than 2 cents f. o. b. mill. Repeated announcements have been made by both parties to that effect. These announcements are interesting because the contracts for the supply of news print paper to three Chicago papers involved such large consumption that the publications named would be unable to buy elsewhere than from either of those two paper companies. Testimony can be obtained to show that an attempt was made by E. W. Backus, of Minneapolis, the head of the new Minnesota mill, to fix the price of paper which might be sold to the Chicago papers. Unsuccessful efforts were made to close Canadian paper mills against those prospective purchasers.

#### RESTRICTION OF USE OF PAPER.

In a letter sent under date of December 31, 1909, to United States Attorney Wise, of New York City, copy of which is printed on page 237 of Hearings before the Committee on Finance of the United States Senate on Reciprocity with Canada, specifications were furnished to him of restrictions imposed by 46 news-print paper mills in the use

of the paper which they made and sold, these restrictions constituting an absolute bar to an open market on news-print paper and a bar to public quotations. The paper furnished to each publication can be used only by it.

The news-print paper mills are producing, approximately, 96,000 tons of paper per month, of which they are selling about 20,000 tons per month on a transient basis, yet I have been unable to buy any considerable quantity anywhere east of the Rocky Mountains on fair market terms. Is not that fact substantial evidence of a combination in restraint of trade? A conspiracy or arrangement of some sort exists among news-print paper mills, the effect of which is to deprive a responsible purchaser of the opportunity to buy news-print paper at a fair market price, without restrictions as to its use, or at the price which the mills are selling a similar article in similar quantities to others. Those mills so doing, which are under the injunction of the court, have disobeyed its orders.

That letter of December 31, 1909, to United States Attorney Wise also contained information about the refusal of many news-print paper mills to sell other than 32-pound paper or to contract for supplies for more than one year as a result of obviously concerted action by the paper mills.

#### A WEEK'S SHUTDOWN AND AN IMPROVED METHOD OF RESTRICTION.

On November 25, 1903, all the news-print mills agreed to close down for one week and to reduce the quantity of paper on hand. Notices of the shutdown were circulated and printed in the trade press. As a result of that performance there was a paper famine and prices bounded to \$50 per ton. Then the Publishers' Association appointed a committee, which visited Washington in April, 1904, and appeared before the Judiciary Committee of the House in an effort to compel the paper makers to keep within the law. Ordinarily a paper mill might shut down when its output exceeded the demand. But when that shutting down is part of an agreement between mills to starve the market and to extort excessive profits from buyers and to throw thousands of workingmen into idleness, then that arrangement assumes another aspect.

In view of the fact that Mr. Herbert Knox Smith, the Commissioner of Corporations, reports that the news-print paper mills worked in March, 1911, to 87 per cent of their capacity, we are led to suspect that the shutdown of seven years ago has been repeated by methods which have been described by the Paper Trade Journal as "avoiding legal pitfalls." While avoiding a seeming violation of the law, the paper makers are doing many of those things which the law prohibits.

Through a so-called bureau of statistics of the American Paper and Pulp Association, the paper makers have been engaged in an obvious effort to restrict production and to starve the print-paper market, in order that they might maintain prices at an agreed figure. As a result of their efforts in this direction, the paper makers have kept down the quantity of paper at hand at the mills to an average of an eight-day supply to all the newspapers of the country. On June 9, 1910, the paper committee of the American Newspaper Publishers'

Association notified publishers that stocks of paper were accumulating.

On July 11, 1910—that is, within five weeks—the president of the American Paper & Pulp Association advised paper makers to curtail output and the output was curtailed. The full text of that letter can be found on page 320 of the Hearings of the Ways and Means Committee on Reciprocity, February 2-9, 1911.

The president of the Union Bag & Paper Co., Mr. Edgar G. Barrett, in an interview printed last August, gave details of the methods by which the larger paper companies reduced their production to 35 per cent of their normal output to allow weaker mills to get a market. A copy of that interview can be found on page 321 of the Hearings of the Ways and Means Committee on Reciprocity, February 2-9, 1911.

The stock of print paper on hand at the mills, April 1, 1911, was 30,272 tons, or less than an eight-day supply to the newspapers of the country, which use an average of 4,200 tons per day, or 1,200,000 tons per annum. The rated capacity of all the mills of the country approximates 4,776 tons per day, or 1,432,800 tons per annum, exclusive of 800 tons per day, or 240,000 tons per annum produced in Canada and Newfoundland, some of which is designed for the American market. It will be noted that the total production of the United States and Canada and Newfoundland is 5,576 tons per day.

The increased consumption of news print paper in the United States is roughly calculated at 200 tons per day, or 60,000 tons per annum. In 30 years the use of print paper has increased from 95,000 tons to 1,200,000 tons per annum.

The figures of stock on hand at the end of each month for the past year follow. I will furnish this to the stenographer for insertion.

The paper referred to follows:

*Tons of paper on hand at the end of each month.*

Months.	1909	1910	1911
	<i>Tons.</i>	<i>Tons.</i>	<i>Tons.</i>
January.....	23,696	23,696	31,046
February.....	26,807	22,800	29,931
March.....	32,955	19,907	30,272
April.....	36,133	18,080	
May.....	43,411	19,593	
June.....	47,202	23,719	
July.....	52,431	28,231	
August.....	53,115	42,418	
September.....	48,686	48,846	
October.....	42,331	46,743	
November.....	35,378	42,290	
December.....	26,139	33,669	
Average.....	39,023	30,831	

An effort, inaugurated by the International Paper Co., in 1909, to establish a uniform price of \$45 per ton gross weight, at points within a given zone of the mills has been maintained and extended by that company and by nearly all of the other paper makers, so that a considerable part of the consumption of print paper is now on that basis. It is worthy of note that the price of print paper has increased from \$32 to \$45 per ton, or approximately 50 per cent, since the consolidation of 24 mills into the International Paper Co. in 1898. Since the

passage of the Payne law, in August, 1909, the New York price of print paper has been increased from \$42.50 per ton to \$45 per ton, an increase of \$2.50 per ton, notwithstanding the reduction in import duty from \$6 to \$3.75 per ton. In the summer of 1910, the larger paper-making companies refused to make any quotations for the calendar year 1911 until after October 1, 1910. The International Paper Co. recently refused to make any quotations on a large order for the year 1912, though it is obvious that a newspaper using a considerable quantity of print paper can not readily adjust itself to new conditions or to change its source of supply within a few months. The effect of this action on large consumers of news print paper has been to force publishers to accept the terms of the paper makers or to arrange for new production. The tangle of the American Government with Canadian Provinces and the tariff burdens imposed upon print paper have added approximately more than \$6,000,000 per annum to the price which newspapers would pay for raw material under normal conditions.

One publication which obtains a supply at less than \$45 per ton, and using 200 tons per day, has been notified that its present source of supply will not be extended after the year 1911 for more than 83 tons per day.

American news print paper sold in Sheffield, England, in 1907 on a basis of \$39 per ton of 2,000 pounds f. o. b. New York, while selling to New York customers at \$50 per ton. In April, 1904, we called the attention of the Judiciary Committee of the House to the action of the International Paper Co. in selling paper for London on a basis of \$35 per ton f. o. b. New York, while charging local customers \$45 per ton, and when I told the Mann committee that that same corporation had been selling abroad at lower prices than it had sold to domestic customers it cunningly evaded the point by furnishing not its actual prices for special markets abroad at particular periods, but it gave an average price for each year. Even upon that table it admitted that in two years, 1903 and 1904, it obtained a lower average price for foreign business than for domestic supply.

Senator SMOOT. Mr. Norris, do you claim that higher prices in America are the general rule, or that the price was on some specific date that you have mentioned?

Mr. NORRIS. I have a specific thing.

Senator SMOOT. I say "specific date."

Mr. NORRIS. If you will permit me, I will give you here the evidence that this is a general thing to-day here.

Senator SMOOT. It was not so in 1909, was it?

Mr. NORRIS. Why?

Senator SMOOT. Well, I want to say to the committee that I had cablegrams from Germany, one from France, and one from England, in answer to an inquiry sent by me, showing the news-print-paper price was higher in those three countries than it was in America.

Mr. NORRIS. That was not the question. The question was whether the American paper makers were selling their paper abroad at a higher price than they were selling it to the domestic market.

Senator SMOOT. That was exactly the question; and, in 1909, American prices were not higher.

**Mr. NORRIS.** They were—excuse me. But, first, we had a letter from the consul at Sheffield inclosing a letter from Mr. Joseph Dixon, of Oughtibridge, near Sheffield, making the statement which I have given; but, yesterday, I cabled to that gentleman, and received a cable to-day. I have not read it and have just opened it. I had telephone information of it, however.

International Paper Co. now running contract entire supply during 1911, news paper used by Sheffield Daily Telegraph and Weekly Telegraph; quantity about 80 tons weekly; price penny farthing per pound, less 15 per cent, delivered domicile, and subject liberal damage deductions; minimum inland carriage 10/10 per ton; sea freight uncertain, probably 15 shillings per ton; leaving 174 shillings per English ton f. o. b. United States port.

Without going into those figures, a glance at it would indicate that to-day to this consumer in Sheffield the International Paper Co. is selling at from eight to ten dollars less per ton than it is selling to the consumers in New York City.

**Senator LODGE.** What is that price per ton that you just quoted?

**Mr. NORRIS.** Penny farthing per pound, less 15 per cent, would make it \$2.12½ cents delivered in Sheffield, less the inland carriage and the ocean freight, bringing it to \$8 or \$10 per ton less than they are selling in New York city to the American consumers.

**Senator SMOOT.** I was not asking about "to-day." In 1909, when you appeared before the committee—

**Mr. NORRIS.** 1909?

**Senator SMOOT.** 1909—that the cablegrams to our consuls in Germany, France, and England, and I think you are aware of the answers, because I think I called your attention to them, in which it was stated that prices paid in England—that is, paid to the International Paper Co.—for paper were as much as the American consumer of paper paid.

**Mr. NORRIS.** Senator, I have no disposition to combat your statement, but it would depend entirely upon the form of the question and the person to whom the inquiry was sent and the facilities for information that person might have.

**Senator SMOOT.** Oh, well, then you take it for granted if a question is asked of our consuls the answers would be given in one way to one person and in another way to another, do you?

**Mr. NORRIS.** I do not know.

**Senator SMOOT.** You intimated as much.

**Mr. NORRIS.** I say that at the time to which you refer we had a letter which was printed in the record—it was the year before—from Mr. Daniels, the consul at Sheffield, about this particular thing to which I called your attention.

**Senator SMOOT.** You refer to a time when it was \$50 in America, and the price they paid in England was very much less. You know that at the time the \$50 price was charged it was when paper was reported scarce and the advance price went into effect also immediately, and only remained at that price a little while. Perhaps the American manufacturer had a contract with the English firm and had to comply with the terms of the contract.

**Mr. NORRIS.** What do you call "a little while"—a year?

**Senator SMOOT.** Paper is not \$50 per ton, now.

**Mr. NORRIS.** I am not talking of the price of \$50.

**Senator SMOOT.** I am, for you referred to that price.

Mr. NORRIS. Yes; there were contracts made in September, 1907, and to run to 1908, for a year's supply, for the calendar year 1908, at \$50 per ton.

Senator SMOOT. Do you mean to say that the large newspapers of this country paid \$50 per ton for paper at that time and continued to do so for a year?

Mr. NORRIS. I mean to say that hundreds upon hundreds of newspapers—

Senator SMOOT. That is not what I asked.

Mr. NORRIS. Those which did not have contracts covering that time were charged that price. The Philadelphia Inquirer, using 13,000 tons per annum, was given 20 days in which to accept from the Berlin Mills an increase of \$12 a ton, from \$1.90 to \$2.50, and it made that contract. General Agnus, of the Baltimore American, came before the Mann committee and said he had been getting paper at \$1.90, and he was notified that he must pay \$2.50. He went to the agent of the International Paper Co. and he said, "Do you realize that this is 60 cents a hundred, or \$12 a ton increase, and that I use 5,000 tons per annum, and that it amounts to \$60,000 increase in my expenses, and that is the whole profit I get out of my property, and that you propose to appropriate that profit?" The agent replied "Yes." Are there any more illustrations that you want of papers that paid—

Senator SMOOT. That is not an answer to my question.

Mr. NORRIS. As I understood it, it was whether any newspapers had paid \$2.50.

Senator SMOOT. I asked you if the large newspapers of this country had all been compelled to pay \$50 a ton for print paper for one year, beginning with September, 1907?

Mr. NORRIS. No; there were many of them that had contracts at lower prices beginning in 1905 and 1906 that had not run out, some of them had only run out in April, 1911, and one of them—

Senator SMOOT. I did not have a telegram at this particular date, but I did two years later, and paper makers were charging the same for paper sold in England that they were charging purchasers here.

Senator WILLIAMS. The people who had a contract?

Senator SMOOT. Generally they had a contract.

Mr. NORRIS. I will repeat: The point you had in mind was as to whether now, generally, American paper makers are selling at a lower price abroad than they are to the domestic consumers—that is what I suppose is in your mind?

Senator SMOOT. Yes; in my mind as to the year 1909—

Mr. NORRIS. That will completely disabuse your mind.

Senator SMOOT. As to 1909?

Mr. NORRIS. No; I am talking now of the year 1911.

Senator SMOOT. That is all right. I have not said a word about 1911, and I do not know anything about the present prices.

Mr. NORRIS. These figures I will give will be 1910.

Senator SMOOT. Mr. Norris, those figures may be absolutely correct. I am not discussing them and I know nothing about them; I was questioning you in relation to prices in the year 1909, and I do know that at that time our consuls reported that paper was a higher price there than in America.



Senator WILLIAMS. Did those consuls report what those papers were paying the International Paper Co. f. o. b. New York?

Senator SMOOR. The price was at the shipping point in America.

Senator WILLIAMS. Was the price f. o. b.?

Senator SMOOR. The cablegram that was sent was to ascertain what price American print paper was sold for at the port of shipment, wherever it was shipped from. There was no dispute at that time about the price quoted. I am not saying a word about prices to-day, because I know nothing about to-day's prices; but I do know with respect to 1909.

Senator WILLIAMS. What I was asking you about was whether these quotations that they furnished you were the quotations of the paper laid down in England, or simply f. o. b. at the American port of export?

Senator SMOOR. At the American port of export were the prices we asked for and what we received.

Senator STONE. Mr. Norris, who was that telegram from?

Mr. NORRIS. It is signed Dixon. The inquiry was sent by me to Joseph Dixon, the gentleman whose name appears on page 2020 of the Mann investigation. He had complained before that the American paper manufacturers were making a dumping ground of the English market for their surplus production at lower prices than they were selling in the United States.

Senator GALLINGER. Is he a member of a firm?

Mr. NORRIS. He is one of the firm of Peter Dixon & Sons, operating a mill near Sheffield, England.

Senator GALLINGER. Has your attention ever been called to the Senate document published about two years ago, in which, in answer to a resolution of the Senate, the State Department collected from our consuls evidence on this point of selling abroad cheaper than in our country, and in almost every instance it was shown that the export price from European countries was less than the domestic price; in other words, that it is the custom with all the nations of the world to do that?

Mr. NORRIS. My attention was not specially called to it, but I will give you special reference to two points bearing upon this matter of companies naming lower prices than at home, and I make the point with special reference to this fact, that the International Paper Co. and these other paper companies, being beneficiaries of a tariff designed to promote American industries, have no right or license to avail themselves of that to sell abroad at lower prices and to maintain prices in the United States against consumers.

Senator GALLINGER. Are you sure they had a market for their product in this country? Might they not have had a surplus?

Mr. NORRIS. I can not buy paper. I am willing to pay cash f. o. b. mill for paper, when these mills have been shut down, and there is not one of them who will sell to me.

Senator GALLINGER. You always get your paper somewhere, do you not?

Mr. NORRIS. I do not get paper, but I would use the information to make a public quotation, and these people do not want a public quotation.

Senator GALLINGER. You mean to say that you can not buy an adequate supply of print paper for the purposes of your association?

Mr. NORRIS. I do. I am not talking about the purposes of my association. I am speaking now of myself as an individual. I applied to 46 of these mills and they would not sell paper to me, though I offered to pay cash f. o. b. mill upon delivery.

Senator GALLINGER. They may have suspected your purpose.

Senator CLARK. Let me ask you now, Mr. Norris—I want to get this thing straight in my mind—you do not purchase paper, do you; that is not a part of your business?

Mr. NORRIS. I do not personally, or through the paper committee, use paper, but I am consulted daily by newspapers from all parts of the country as to the prices at which they can obtain paper, advising me that they are in the market, and asking me where they can obtain quotations.

Senator CLARK. Then, your offer—what sort of an offer was it you made to these 46 mills?

Mr. NORRIS. That is all in the record. What I wanted to ask—what I asked for was paper.

Senator CLARK. What I am trying to get at is whether your offer to purchase the paper was a bona fide offer for purchase and sale?

Mr. NORRIS. Surely; I had bought some.

Senator CLARK. Would you then have taken the paper on which you asked the price?

Mr. NORRIS. Surely; I did take some.

Senator CLARK. I thought you said you did not.

Mr. NORRIS. I had made two purchases. There were only two mills in the United States from which I could get any.

Senator WILLIAMS. Two out of fifty, he said.

Senator CLARK. I understand what he said, exactly. Would you have taken it if your offer had been taken by each one of these mills; would you have fulfilled your contract? In other words, was your offer to purchase made in good faith to these mills?

Mr. NORRIS. Certainly.

Senator CLARK. You would have taken the paper, would you, although you were not in the paper business?

Mr. NORRIS. I would have gone into the paper business with a celerity that would have turned their heads.

Senator CLARK. What capital would you have employed in buying this tremendous quantity of paper?

Mr. NORRIS. There never was a chance that I would get the paper.

Senator CLARK. There you are. Then you did not make a square, straightforward business proposition.

Mr. NORRIS. I did.

Senator CLARK. Where would you have got your money?

Mr. NORRIS. I would not have offered it if everybody would have accepted it.

Senator CLARK. Mr. Norris, was it a straight, square business proposition, as a newspaper man?

Mr. NORRIS. Surely, it was; I would have been glad to buy.

Senator CLARK. You would have been glad to buy, although you were not in the paper business and had not the money?

Mr. NORRIS. I did buy, and I did sell some.

Senator SMOOT. What did you do with the paper you bought?

Mr. NORRIS. I sold it to papers in various parts of the country.

Senator SMOOT. How did you sell it?

Mr. NORRIS. By auction.

Senator SMOOT. Were your offers by letter or in person?

Mr. NORRIS. By letter.

Senator SMOOT. All written about the same time?

Mr. NORRIS. Oh, yes.

Senator SMOOT. Suppose all 46 had responded and said, "Mr. Norris, you can have all the paper you want."

Mr. NORRIS. I think you are under a misapprehension. I inquired at what price and what quantities they could offer me. It was not what you assume was an offer to take 100,000 or 200,000 tons.

Senator CLARK. They knew you, Mr. Norris, did they not?

Mr. NORRIS. I am quite proud of the fact that they did.

Senator CLARK. And they probably had an idea of the motive you had in making your offer?

Mr. NORRIS. My purpose was not concealed. I had advertised in the paper trade journals; I had sent circulars out to them and to the paper trade and to newspaper publishers upon the merits of a sale by auction. On the contrary, there was the utmost frankness about the purpose.

Senator CLARK. And as a business man you think it is curious they did not respond?

Mr. NORRIS. Not at all; I understand it is a concerted action.

Senator CLARK. On your part?

Mr. NORRIS. On their part—to refuse to sell me, and you are aware of it.

Senator CLARK. Do you think there would have been much profit in buying paper on a cash basis and selling it at auction?

Mr. NORRIS. I think so, if the mills would sell it at the price which they were offering to sell to little fellows all through the country at an expense for traveling agents and at an expense for credit and discounts, whereas I was offering them cash in advance—spot cash.

Senator SMOOT. Do you think the paper manufacturers of this country were foolish enough to withdraw all their men from the road and turn all of the balance of their customers adrift and rely upon you for a customer?

Mr. NORRIS. I do not think anything of the sort, and I do not want that implication applied to me through your question. I thought there was and is and will be a very considerable profit through the sale of paper at auction to customers throughout the country when that paper is bought for spot cash in considerable quantities.

Senator SMOOT. In other words, you would not really blame them for trying to retain the paper market in their own hands instead of concentrating it in yours?

Mr. NORRIS. I would not if those prices were open, but they were secret; they were so secret that in some cities there would be three publishers, one paying \$35, one \$40, and another \$45 per ton for paper from the same company.

Senator WILLIAMS. What was your object in getting these quotations?

Mr. NORRIS. To make a public price.

Senator WILLIAMS. Yes.

Mr. NORRIS. To put a stop to this secrecy; to let publishers know what they could buy the paper for.

Senator WILLIAMS. So you could publish what that quotation was?

Mr. NORRIS. So I could sell to publishers, and make a bona fide quotation, and try to stop this practice whereby, behind closed doors, they were making agreed prices.

Senator HEYBURN. How much did you buy from those two mills?

Mr. NORRIS. I do not recall.

Senator CLARK. You were just around shopping?

Mr. NORRIS. No; I bought.

Senator WILLIAMS. You were trying to get the price so as to tell the other fellows?

Senator HEYBURN. He says he bought of two mills. How much did you buy?

Mr. NORRIS. I think my second purchase was about 1,000 tons. My first one was about 200 tons; quite an innovation, that was. It was close to \$40 a ton.

Senator HEYBURN. What did you get for it at auction?

Mr. NORRIS. The prices were printed. Every paper maker was around waiting for it.

Senator CLARK. Were you then operating for your company?

Mr. NORRIS. Oh, no; this was individual.

Senator CLARK. You could not do that under your charter?

Mr. NORRIS. Oh, no; it was not as chairman of the committee on paper—just as you might practice law.

Senator CLARK. And go out and take a case on the side away from my firm.

Senator HEYBURN. Just a moment. As you were reading those English quotations, is there any difference in the quality of the paper which is sold to different institutions?

Mr. NORRIS. Do you mean in different countries?

Senator HEYBURN. Do you sell the same grade of paper in England that you refer to as being sold in this country?

Mr. NORRIS. The same grade? Oh, yes. I do not sell it. The paper company does. My impression is—I have seen them making this paper in their mills, and my impression was and it is their representation that it is as good as the paper sold to American customers.

Senator HEYBURN. Did you ascertain that?

Mr. NORRIS. I have seen, I have handled some of that paper. The fact is—and they are very proud of it—that they can get higher prices in England for American paper than the competitive manufacturers can obtain in that market. In other words, that the American paper maker, by reason of the quality of his material, can obtain a slightly higher price than the Norwegian or Swedish paper.

Senator HEYBURN. Is the quality uniform, always uniform?

Mr. NORRIS. I think so; it is a very good paper they send.

Mr. HEYBURN. Do you know whether or not they make more than one grade of paper and sell it to different concerns according to the grade?

Mr. NORRIS. I do not, and I assume not, and I believe not.

Senator HEYBURN. What do you base the assumption upon? Can not one newspaper buy one grade of paper and pay one price for it, and another kind and pay another price for it?

Mr. NORRIS. The effort in the paper trade is toward standardization.

Senator HEYBURN. It is not uniform?

Mr. NORRIS. From given mills. I think it is as near uniform as they can make it. I have not a word to say in disparagement of the quality of the paper manufactured by many of the American mills.

Senator HEYBURN. Do not they quote prices on a certain grade of paper, and different prices on a different grade of paper?

Mr. NORRIS. Not on news-print paper.

Senator HEYBURN. Nowhere?

Mr. NORRIS. I do not know but that they may have quoted a price. There are some products of American mills that are not worth as much as the products of other mills.

Senator HEYBURN. I am speaking of the mills of this concern to which you refer.

Mr. NORRIS. Of the International Paper Co.?

Senator HEYBURN. Yes.

Mr. NORRIS. I think they send a uniform quality abroad.

Senator HEYBURN. And at a uniform price?

Mr. NORRIS. Yes, sir; except to one customer, and that is in South America; that is \$5 a ton more.

Senator HEYBURN. Is the paper on which the New York Tribune is printed of exactly the same quality as the paper furnished to all other newspapers?

Mr. NORRIS. By the International Paper Co.?

Senator HEYBURN. Yes.

Mr. NORRIS. I think that there is a variation, due to all sorts of conditions, but—

Senator HEYBURN. And a variation based upon difference in the quality of the paper, is there not?

Mr. NORRIS. Yes; but hold on. The price is uniform—\$45 a ton—and to everyone of them to-day, according to the statement of Mr. Burbank, the president. If they are not manufacturing the same quality, the burden of explanation is on them.

Senator WILLIAMS. I think perhaps you do not understand what the Senator wants to know—that is, whether it is not possible that the International Paper Co. sold one grade of paper in the American mills and sold another grade of paper to these English people?

Mr. NORRIS. An inferior grade?

Senator WILLIAMS. An inferior grade.

Mr. NORRIS. Not at all.

Senator HEYBURN. A lighter paper?

Mr. NORRIS. Absolutely not; but I have not examined each roll of paper and I could not tell you.

Senator HEYBURN. It is true, is it not, that there is a great difference in the quality of paper upon which certain papers are printed?

Mr. NORRIS. There is only a difference due to the conditions which the mill would seek to improve.

Senator HEYBURN. Due to the weight of the paper, is it not?

Mr. NORRIS. No, sir; these people aim at a uniform weight. They have an agreement to sell only 32-pound paper—that is, that 500 sheets measuring 24 by 36 inches shall weigh 32 pounds.

Senator HEYBURN. Have you personal knowledge in regard to the cost of paper sold to the country papers of some cities as compared with that of the New York Tribune?

Mr. NORRIS. The price?

Senator HEYBURN. Yes; the price they pay for paper. Have you personal knowledge on that point?

Mr. NORRIS. I do not know what you call country newspapers. I have received reports from a great many papers, but the effort is to get a uniform price through the country of approximately 2.05 cents f. o. b. mill—that is, \$41 per ton. I have not finished reading my statement.

Senator HEYBURN. You were passing that point, and I simply wanted to interrogate you about it.

Mr. NORRIS. I am still on this point of prices. Overwhelming evidence of the fact that the paper makers are now selling paper abroad at lower prices than they sell in the domestic market is furnished by the report of the committee of the Paper Makers' Association of Great Britain and Ireland. At a meeting held last March in the Hotel Cecil, London, the committee, comprising Messrs. Lewis Evans, Joseph Dixon, and John E. Jepson, reported as follows:

The paper manufacturing industry in the United Kingdom has suffered very grievously during the past 10 or 15 years from the competition of the United States paper manufacturers. The United Kingdom has been used as a dumping ground for the surplus production of the United States paper manufacturers, and the surplus production was only possible because of the Canadian timber being available.

Further and conclusive evidence that American paper is sold abroad at a lower price than in the United States is obtainable by a comparison of the exports of American news-print paper to foreign markets to the extent of 50,000 tons per annum, in competition with Canadian paper, which is selling f. o. b. mills at approximately \$4 per ton less than the American paper mills are selling to domestic consumers.

Senator SMOOT. That is one day's run, is it not?

Mr. NORRIS. What?

Senator SMOOT. Fifty thousand tons of American manufacture?

Mr. NORRIS. No; 50,000 tons just equals what Canadian mills are selling and sending in here. They send in here 54,000 tons per annum.

Senator SMOOT. How many tons of paper are manufactured in the United States in a day?

Mr. NORRIS. About 4,200.

Senator SMOOT. That would be a little less than 12 days.

Mr. NORRIS. Oh, 20,000 more than the entire stock on hand. There is only imported—

Senator SMOOT. That would not make a particle of difference what the stock is on hand if they can make the paper.

Mr. NORRIS. It does make a difference, because in seasons of drought or in seasons of bad weather the prices immediately harden.

Senator SMOOT. Your complaint is that the manufacturers do not keep a year's stock on hand; is that not so?

Mr. NORRIS. No; I do not complain of that, but I do complain of the concerted action that restricts the supply so as to starve the market and harden the prices.

Senator CLARK. Let me ask you this question—and I am asking these questions for information but not to be critical—

Mr. NORRIS. I appreciate that.

Senator CLARK. Is it true that the American manufacturers of paper are getting an undue profit on their product?

Mr. NORRIS. Those of them who are equipped with modern mills are getting an excessively high price. Those who are not equipped with modern mills have no right to dictate the price, or to ask you to hold up the consumer and pay an abnormal price.

Senator HEYBURN. That is a singular doctrine.

Senator CLARK. It is a satisfactory answer from your point of view, but I want to pursue it a little further—

Mr. NORRIS. If you will excuse me—otherwise you put a premium on the antiquity of these plants.

Senator SMOOT. What about the antiquity of the plants of newspaper publishers. Do you think a larger per cent of newspaper plants are modern and up to date, than the plants of paper manufacturers?

Mr. NORRIS. We are not asking Congress to impose a tariff on anything but—

Senator SMOOT. I mention this, thinking perhaps the newspaper publishers would themselves make more money on their investments if they had up to date machinery.

Mr. NORRIS. Senator, the newspapers have a distinct complaint against Senator Smoot.

Senator SMOOT. They have what?

Mr. NORRIS. A distinct complaint against Senator Smoot; I mean because of what Senator Smoot, as Senator, said about the handling of this Canadian situation.

Senator SMOOT. I do not understand what you mean.

Mr. NORRIS. I said that the newspapers have a distinct grievance against you because of what as Senator you promised to do and failed to do in averting this Canadian snarl.

Senator SMOOT. I really do not know to what you refer, but I want you to be perfectly frank and tell the committee what promise I made that I have not complied with.

Mr. NORRIS. On April 7, 1909, I met you as one of the subcommittee in the matter of the tariff duty, and after various cost comparisons had been gone over I called especial attention to the situation with respect to Canada; that there was a menace which was serious, and it would ultimately force up paper prices and create serious market disturbances, and Mr. Smoot—I do not know whether I am exactly parliamentary—

Senator SMOOT. Go right ahead.

Senator CLARK. Provided what you say is true.

Mr. NORRIS. Mr. Smoot then said to me: "Now, Norris, don't you be disturbed about this Canadian situation. If we can not handle that situation we are not fit for our jobs." Now, the situation has not been handled.

Senator GALLINGER. We are trying to handle it now.

Mr. NORRIS. I know; but what has occurred in the meantime? In the meantime you have been barred from twenty-four twenty-fifths of the available timber area of Quebec, and you have been barred from the Crown lands of New Brunswick. Is that handling the situation?

Senator GALLINGER. We use our own timber.

Senator LODGE. Let us have that statement positively. Who passed those laws that you refer to?

Mr. NORRIS. The Canadian Provinces.

Senator LODGE. Absolutely. Then, why do you stand here and tell us that we are responsible for it?

Mr. NORRIS. Because they were asking access to this market.

Senator LODGE. Who were asking access to this market?

Mr. NORRIS. The Canadian Provinces.

Senator LODGE. How? By whom?

Mr. NORRIS. Through their manufacturers.

Senator LODGE. In what form?

Mr. NORRIS. That if the Canadian Provinces were to continue to allow that pulp wood to come in to supply 23 important print-paper mills, which were dependent upon them for their resources, the United States should reduce its tariff on the product of that wood.

Senator SMOOT. Now, referring to what you claim I said, I do not know whether I said it or not—and it does not matter whether I did or not, for I made no promise to you—I want to say this, that when I examined into the question of whether there should be a duty at all upon print paper from Canada I thought that I examined into it very thoroughly. You were before the subcommittee of which I was a member a number of times.

Mr. NORRIS. Once, before you.

Senator SMOOT. Well, say once. I tried to get information from every source that I could. I did not believe that there was very much difference between the wages paid in Canada in the paper mills and those paid in the United States. I wanted to find out where the difference in cost of manufacture was, if there was a difference, and I sent to mills in this country that were purchasing woods from Canada and from parties in the United States. I received invoices showing purchases in both countries—about a thousand of them—and after comparing them I noticed that the prices of woods in Canada were about \$4.25 or \$4.27 a cord less than in this country. I was not content with that. I made them send me the bill of lading of every shipment represented in the thousand invoices, and I want to say to you, Mr. Norris, that I found after an examination of that thousand invoices American woods cost the manufacturer \$4.25 per cord more than the Canadian manufacturer had to pay. I am protectionist enough, whether it applies to paper or any other industry in this country, no matter where located, to say that if it is necessary to have \$4 or \$3.75 or \$2 or \$6 a ton to protect our home manufacturers I am going to vote for it. Personally, as far as money is concerned, it is to my advantage to support this bill. I am interested in cattle in Canada; I am interested in a sugar mill in Canada; I own land in Canada, and I also own an interest in newspapers in Utah, but that does not influence my action on a matter affecting great American industries, as this bill does. I am going to support the principle of protection that I have always advocated to the people of my State.

Mr. NORRIS. The particular point that grieved me was—

Senator WILLIAMS. Mr. Chairman, I think we will expedite matters if we leave these arguments to the floor of the Senate.

Senator SMOOT. Mr. Chairman, I made that statement simply by way of explanation.

Mr. NORRIS. I had not finished on this particular line.

Senator CLARK. I had started to ask you a question, and the second part of my question I did not get to. I wanted Senator



Smoot to be able to explain how it was that he could influence the Canadian authorities in this treaty business. But following up my former suggestion, you say that the mills that are well equipped with all modern appliances, you think, are getting an excessive price for their products, but that the mills which are not thoroughly modern you think are not. I understood you to say further in your statement that you have found that the cost of production of paper in Canada was something over \$4 less than the cost of production here?

Mr. NORRIS. How is that?

Senator CLARK. I understood you to say that the cost of production of the paper in Canada was something over \$4 less than it was here.

Mr. NORRIS. I never made any such statement.

Senator CLARK. I understood you to say that.

Senator LODGE. He referred to the figures of the Tariff Board.

Senator WILLIAMS. I think the American mill has the advantage over the Canadian mill to-day, wood or no wood; and the final report of the Tariff Board, so far as it can be accepted, will demonstrate in what particular, and on that I am prepared to give you some little information.

Senator GALLINGER. What do you know about the final report of the Tariff Board? We have only their first report, and it shows a difference of \$4 a ton.

Mr. NORRIS. It does not show a difference of \$4 a ton.

Senator GALLINGER. Four dollars a cord of wood

Mr. NORRIS. I will give the Senator a premium if he will find in there anywhere where it speaks of the cost of wood per cord in the ton of product. I have seen the "per cord" in a separate table, and I have been attempting to get that very figure of the cord price as it entered into the ton of paper.

Senator GALLINGER. It has been frequently stated that the Tariff Board did not take up that particular point.

Mr. NORRIS. They speak of it as the cost of wood per ton of product.

Senator GALLINGER. Exactly.

Mr. NORRIS. But I have been digging until midnight into these tables to find where they refer to the cost of the cord of wood in order that I might establish how much wood there was in a ton of the ground wood, and ultimately in a ton of paper.

Senator GALLINGER. Now, as I understand you, you dispute the figures of the Tariff Board as to their remarks on manufactured paper, and you say their final report will dispute what they say in their first report.

Mr. NORRIS. They have asked that the final report be regarded as a complete unit, which means, I assume, that the first report should be disregarded because it was hurriedly prepared; it was incomplete. It was liable to inaccuracies.

Senator CLARK. Do they send out that report for the purpose of misleading the people of this country? Otherwise, why did they prepare it?

Mr. NORRIS. Excuse me, please. I am not answering for or apologizing for or explaining the action of the Tariff Board.

Senator CLARK. I am simply asking you to give your idea. You think the Tariff Board is making reports which indicate on the face of them that they are inaccurate?

Senator WILLIAMS. He said their final report; that their first report was incomplete, and they wanted the two regarded as a unit. That is what he is talking about.

Senator LODGE. On the 17th of May they say that the average cost per ton of product of wood in the United States was \$10.23; in Canada it was \$5.70, very nearly a difference of \$4. If you take the ground that the Tariff Board does not know what it is talking about, that is another proposition.

Mr. NORRIS. Excuse me; I am not taking any such attitude as that, and I beg the Senator will not put me, seemingly or by implication, in any such attitude.

Senator LODGE. You have just said that they were inaccurate.

Mr. NORRIS. No; I said the first report—

Senator WILLIAMS. He said that they, in their final report, said that their first report was incomplete.

Senator LODGE. I have never seen the final report. Mr. Norris has the advantage of us there.

Mr. NORRIS. I will show you various inaccuracies that crop out as the result of the hurrying of the preparation of that document.

Senator LODGE. I hold in my hand a report sent in on the 17th of May. Now, what final report you refer to I do not know.

Mr. NORRIS. That is the final report.

Senator LODGE. It is from that report I quoted the figures.

Mr. NORRIS. What figures?

Senator LODGE. Those figures that I have just read of the cost of wood per ton, showing a difference of \$4.63. That is the final report, and they say that wood costs so much more per ton.

Mr. NORRIS. I also have the report here, and I refer you to the figures which show the cost of making a ton of paper in the United States.

Senator LODGE. I am not talking about the cost of making a ton of paper. I want you to keep to the single point which has been raised, and that is the cost of the wood per ton of paper. Do not talk about something else, but that single point. So far, you have denied the accuracy of the Tariff Board, and that is as far as you have gone.

Mr. NORRIS. I admit that the Tariff Board's statement does give the information that the cost of wood, so far as they examined into Canadian mills, as \$5.70 per ton of product, and \$10 and odd in the United States mills in this reported data, but what I want to call your attention to is that the Tariff Board reports also show the whole output of Canada is 203,000 tons at a cost of approximately \$27.53 per ton. Now, this report also shows that the American mills producing 215,000 make it at \$25.83 per ton of product and those American mills make more than Canada had produced.

Senator LODGE. On what page is that statement?

Mr. NORRIS. There is a classification of the mills—"news-print paper" on page 27.

The CHAIRMAN. From what report are you reading?

Mr. NORRIS. From the report of the Tariff Board of May 17, addressed to the President.

Senator LODGE. That is the same page from which I read.

Mr. NORRIS. On page 27, if you will look at the bottom of that page you will find, under total cost per ton, news-print paper, under \$25, 45,000 tons.

Senator LODGE. Where is that that you are reading?

Mr. NORRIS. In the last grouping at the bottom of that page. It is headed "news-print paper." Under \$25, number of establishments, 1; tons produced, 45,000; per cent of total production, 4.8; average cost in each group, \$24.50. That is one. That is 45,000 tons. Now, the next one, between \$25 and \$30; four mills producing 170,000 tons at a cost of \$26.18 per ton. If you take those two—

Senator LODGE. Go on and read it all.

Mr. NORRIS. No—

Senator LODGE. Let us have the average cost.

Mr. NORRIS. I want to make my statement in my own way.

Senator LODGE. Let us have your answer fairly.

Mr. NORRIS. I am going to answer you fairly. My statement was—

Senator LODGE. You made the statement here that the American wood pulp cost under \$25 a ton, and the table that you are reading from shows on the average it cost \$32 a ton. You read one mill making 45,000 tons.

Mr. NORRIS. You do not mean wood pulp. You mean print paper.

Senator LODGE. I mean news-print paper per ton.

Mr. NORRIS. Now, I say that that tabulation shows in those two groups 215,000 tons—

Senator LODGE. Read them all.

Mr. NORRIS. Average, \$25.83 a ton.

Senator LODGE. Then I will read them all.

News-print paper:

News-print paper.—Under 25, costing \$24.50 and producing 45,000 tons, 4.8 per cent of the total production—that is, \$24.50; \$25 and under \$30, 4 mills, 170,000 tons, 18 per cent of the total production, \$26.18; \$30 and under \$32.50, 7 mills, 210,000 tons, 22 per cent, average cost, \$31.96; \$32.50 and under \$35, 7 mills, 205,000 tons—

I am giving them in round numbers—

21 per cent of the total production, \$34.07 average cost; \$35 and under \$37.50, 6 mills, 107,000 tons, per cent of total production 11.4, average cost \$36.03; \$37.50 and under \$40, 12 mills, 194,000 tons, per cent of total production 2.7, average cost \$38.31; and \$40 or over, 1 mill, 6,000 tons, 0.7 per cent total production, average cost \$43. Total average cost of paper made in the United States, \$32.88.

Now, to stand here and say, in a general way, that paper is made in the United States for \$25 a ton is not stating the facts as they appear on the face of that report; that is what I want to call your attention to.

Mr. NORRIS. I also desire to emphasize the fact that averages, like percentages, are frequently deceptive, and that any attempt to state the situation from an average is unfair.

Senator LODGE. Averages are not the only deceptive things.

Mr. NORRIS. The Tariff Board itself points out the utter inefficiency, inadequacy, and antiquity of these American mills which have been carried along at our expense.

Senator LODGE. Nevertheless, the fact remains that that table does not show that the average price of American paper made here is under \$25. It shows something totally different.

Mr. NORRIS. No one said that. What I said was that more paper—

Senator LODGE (interposing). You said first \$25, and that you would refer me to it.

Mr. NORRIS. I said there was more paper made in the United States than in all Canada at \$25.83 as against \$27.53 in Canada.

Senator LODGE. On a total product of less than 45,000 tons?

Mr. NORRIS. Oh, no. The 78 per cent which the board quoted would make the total output of the Canadian mills 203,000 tons. Assuming that their average applied against all, it would show that the 5 mills of the United States, producing 215,000 tons, made it at a cost, according to the Tariff Board figures alone, of \$1.70 to \$1.80 per ton less than the mills in Canada.

Senator WILLIAMS. That is true only of those five mills?

Mr. NORRIS. That is true only of those five mills which produce more than all of Canada, and which are modern, up-to-date mills.

Senator CLARK. Where does that show that, Mr. Norris?

Mr. NORRIS. On page 27 it shows as to the five mills, taking the two groups of 45,000 and 170,000; and it is also true with respect to the best mill; that is, that the American mill can make paper cheaper than the best mill in Canada, according to these figures, to the extent of 47 cents per ton.

Senator STONE. I want to ask you as to the four mills making paper at an average cost of \$26.18 per ton, whether the paper made by those mills is different, and in what respect different, from mills that make a higher-priced paper, that costs more?

Mr. NORRIS. It is better paper. With the modern machinery and the modern equipment they can turn out a better paper than these higher priced, older mills.

Senator STONE. Then I want to ask—to be perfectly clear about it in my own mind—if the paper made by the four mills at from \$25 to \$30 per ton, or at an average of \$26.18 per ton—

Senator WILLIAMS. Five mills.

Senator STONE. Four mills I am speaking of—produce print paper as good as that which cost \$40 and over?

Mr. NORRIS. Why, it is better.

Senator STONE. Wait until I get through.

Senator CLARK. What four mills are these to which you refer?

Mr. NORRIS. I am guessing as to the five mills, but I think I can lay my hands on them; but I do not think I should do it publicly.

Senator CLARK. You absolutely say that these four mills to which the Senator refers turn out better paper than the other mills?

Mr. NORRIS. I mean our modern mills running at high speed on the wide machines will make better paper than the slower speed, narrow-width machines.

Senator CLARK. Then you do not want to be understood as saying that those four mills cited are making better paper than the other mills?

Mr. NORRIS. I can not say, as a fact, just precisely what mills they are, but as a general proposition in the trade the mills which have the modern equipment and run fast can make better paper.

Senator CLARK. I know, but I call your attention to the fact that Senator Stone directed your immediate and complete attention to those four mills here in this last grouping.

Mr. NORRIS. You are entirely right in your inquiry and your inference.

Senator WILLIAMS. I would like to ask you a question.

Senator STONE. I would like to complete my question.

Senator CLARK. I beg your pardon, Senator Stone.

Senator WILLIAMS. Go ahead.

Senator STONE. I want to ascertain from you, as an expert, why it is that the one mill, or four mills, or the five mills first mentioned in this table can turn out print paper as good as the other mills mentioned in this table at so much less than the other mills produce it; that is, equally as good paper.

Mr. NORRIS. May I, in my answer to that question, disclaim the attitude of an expert?

Senator STONE. Well, disclaim it; I want to call your attention to the fact.

Mr. NORRIS. The modern mills that can make paper cheaply have the advantages of equipment that enable them to make a better paper, and when a choice is to be made among purchasers as to what paper is preferable, I have invariably recommended publishers to buy of those modern mills, and the reports of publishers to me in respect to the working and running qualities and preparation of the various papers have been in favor of those modern mills.

Senator STONE. If all these mills—these 38 mills mentioned in that last grouping in Table 5—were as good, as well equipped for making paper as the first mill mentioned, which makes it for less than \$25 per ton, or as well equipped as the four mills mentioned, which produced at from \$25 to \$30 a ton, could all of them, if they are as well equipped, make paper equally cheap?

Mr. NORRIS. I think not fully as cheap, but they could make it for very much less than they are now making it. There would be conditions of location, there would be conditions of water power—

Senator STONE. Transportation?

Mr. NORRIS. There would be conditions as to the procurement of the raw materials which go into the manufacture of a ton of paper. There may be any number of conditions, so that I would not pretend to fix or indicate what price should be made at a particular location, but would state that with the advantage of modern machinery as compared with antiquated machinery, with fast-running paper machines as compared with slow-running machines, that the cost must necessarily be reduced, because the labor item is less as the speed of the machine increases, or rather as the production of the machine increases, and there are other factors whereby they work out many economies in the course of manufacture; for instance, where they, in pumping the ground wood from the grinding mill to the paper mill as slush or in liquid shape, save something in comparison with those concerns which work the ground wood into laps and fold it. This folded pulp must be beaten before conversion into paper.

Senator STONE. The effect of this tax on paper is to equalize in some measure the difference between a poor mill and a good one?

Mr. NORRIS. No; it gives the poor mill an opportunity to exact from publishers a price which under ordinary normal conditions in a free market would not be permissible. A poor mill could not long sustain itself.

Senator CLARK. I want to call your attention to one matter which may have escaped your observation, although it may not, because you have undoubtedly gone into this thing fully. These figures given here on page 27 as to the cost of production do not include any charge for depreciation of the plant, do not include any charge for interest

either on capital invested or on borrowed capital, and no charge for use of water power.

Mr. NORRIS. Except in a few cases for water power.

Senator CLARK. So that is not the real cost of production. This is simply the cost of manufacture, but the real cost of manufacture should include those items, should it not, and that would raise this average?

Mr. NORRIS. Not at all, because the same rule is applied on both—as to the Canadian mills and to the American mills—and therefore the only point which you are aiming to consider being the relative difference or the difference in the cost of production in the two countries, this capital account is not a factor. Ordinarily the farther away from civilization a mill might be the more would be the first cost of installation, and therefore it would be a larger cost in Canada than in the United States, especially in view of the fact that all of the Canadian mills are equipped with American paper machines.

Senator CLARK. Yes; but I am directing my attention and your own simply to this table on page 27, as not attempting to show the real cost of production, because they say “the following cost tables have been compiled for a period of 12 months in the case of each mill. In all cases the last normal fiscal year was taken.” And “these figures should be considered with careful reference to the preceding explanatory statement,” which I have just read, the explanatory statement that these figures did not include interest on the investment, nor depreciation, nor the charge for water power.

Mr. NORRIS. On either side—in either country. I should say that the cost of producing—

Senator CLARK. The figures I am calling your attention to, Mr. Norris, have nothing to say whatever in regard to the Canadian manufacturer; it is simply our own manufacturer.

Mr. NORRIS. But the treatment is the same in handling the figures of both, and I agree with the Tariff Board's view that the cost of production is obtained by the elimination of the charges for depreciation and interest.

Senator CLARK. And my statement was that the real cost of production of the American mills that are cited here, the 38 mills, must of necessity be more than the price in the table, because this is simply the cost of manufacture.

Mr. NORRIS. As a matter of fact, Senator, if you, under the mid-night lamp, go over those figures in the last column—

Senator WILLIAMS. Just one moment right there.

Mr. NORRIS. I have not finished answering your question, Senator Clark.

Senator CLARK. No.

Senator WILLIAMS. I beg your pardon.

Mr. NORRIS. The point I am making is that I have gone over those figures of the Tariff Board, I have crisscrossed them in various ways to test them and see if there were any inaccuracies, and a very serious phase of it has occurred to me, about which I want to reserve judgment; I even went to the Tariff Board office to try and get some information leading to it. The point is this: The International Paper Co. and most of the paper makers assume that 102 pounds of pulp will go into the manufacture of 100 pounds of news-print paper, and in a statement which it submitted to the Mann committee—

about page 1076 of the Mann report you will find it—Mr. Whitcomb gave the details of the working out of a cord of wood. He showed there that in its mills 102 pounds of pulp were used in 100 pounds of news-print paper and 5 pounds of other material—fillers. The paper-mill engineers say that the mills in England and in Germany use about 103 pounds of raw material in 100 pounds of news-print paper. Now, when I assumed that the cost of ground wood, as reported on page 27, was the ground wood that entered into the cost of news-print paper, I worked out that the board, in making this statement of the cost of news-print paper, had put 118 pounds of pulps into that ton of news-print paper, and that if these figures, as borne out on page 51, were accurate, wherein they give the number of pounds of material per ton of paper in each of the 38 mills, it would be shown that the so-called cost of producing a ton of paper, as it is stated there, is \$3.02 more than it should be.

Now, either they have given for the cost of the ground wood per ton at the mill a different figure from that cost of ground wood which entered into this news-print paper or they have added profits on the pulp in passing from the pulp mill to the news-print-paper mill to the extent of \$3; and that is material only in this phase, that if it is shown that the cost of news-print paper is \$3 less than the Tariff Board reports, then that item of \$3 equals a difference of 6 per cent in the cost of installation of a completely balanced mill, and therefore that is quite a factor.

Senator SMOOT. It is 1 o'clock, and—

Senator WILLIAMS. Some questions were asked about why it was that some of these mills produced cheaper than others, and an analysis of the figures will show that one mill which produces paper at \$24.50 turns out 45,000 tons; the next seven mills, that produce at a cost of \$26.18—

Senator CLARK. Four, is it not, instead of seven?

Senator WILLIAMS. I meant to say four; I beg your pardon—turned out 30,000 plus apiece; the next one, that produced at a cost of \$31.96, and the next of the series there turn out 29,000 plus apiece; the next one 18,000 plus apiece; and the next one 16,000 plus apiece, as you will find by adding the total product; and the last one, which stands alone, producing, at the highest price, \$43, turns out 7 minus—6,900 and something—so that, evidently, the cost of production is in proportion to the magnitude of the operation and the amount of work that the mill does. The mill turning out the largest quantity producing at the minimum cost.

Senator LODGE. Did you not get the second one wrong? It is 40,000 plus.

Senator WILLIAMS. 43,000.

Senator LODGE. You had said 30,000.

Senator WILLIAMS. The second one is 43,000 plus.

Senator SMOOT. Evidently Mr. Norris can not conclude his remarks, and I move that we adjourn until to-morrow morning at 10 o'clock.

The CHAIRMAN. The committee will stand adjourned until 10 o'clock to-morrow morning.

(Thereupon, at 1.05 o'clock, the committee took an adjournment until 10 o'clock to-morrow, Wednesday morning.)

WEDNESDAY, MAY 24, 1911.

UNITED STATES SENATE,  
COMMITTEE ON FINANCE,  
WASHINGTON, D. C.

The committee met at 10 o'clock a. m., Hon. Boies Penrose in the chair.

Present: Senators Penrose (chairman), Lodge, Smoot, Clark, Heyburn, Bailey, Simmons, Stone, Williams, Kern, and Johnson.

The committee thereupon proceeded to the consideration of H. R. 4412, an act to promote reciprocal trade relations with the Dominion of Canada, and for other purposes.

The CHAIRMAN. The committee will be in order. Mr. Norris, when we adjourned yesterday you had the floor. You may continue if you so desire this morning.

STATEMENT OF MR. JOHN NORRIS (Resumed).

Mr. NORRIS. Mr. Chairman and gentlemen, I submit a list of the members of the American Newspaper Publishers' Association, as I promised yesterday.

The CHAIRMAN. That will be printed as a part of your testimony. (The list is as follows:)

AMERICAN NEWSPAPER PUBLISHERS' ASSOCIATION.

Albany, N. Y.:  
Evening Journal (evening, except Sunday).  
Knickerbocker Press (morning and Sunday).  
Times-Union (evening, except Sunday).  
Allentown, Pa.: Morning Call.  
Anaconda, Mont.: Standard (morning and Sunday).  
Atlanta, Ga.:  
Constitution (morning and Sunday).  
Georgian and News (evening, except Sunday).  
Journal (evening and Sunday morning).  
Augusta, Ga.: Chronicle (morning and Sunday).  
Augusta, Me.: Kennebec Journal (morning, except Sunday).  
Aurora, Ill.: Daily Beacon (evening, except Sunday).

Baltimore, Md.:  
American (morning and Sunday).  
News (evening and Sunday evening).  
Sun (morning, evening, and Sunday).  
Bangor, Me.: Daily Commercial (evening, except Sunday).  
Beaumont, Tex.: Daily Enterprise (morning and Sunday).  
Bellingham, Wash.: American (evening); Reville (morning); American-Reville (Sunday).  
Birmingham, Ala.:  
Ledger (evening, except Sunday).  
News (evening, except Sunday).  
Bloomington, Ill.: The Pantagraph (morning, except Sunday).  
Boise, Idaho: Idaho Statesman (morning and Sunday morning).  
Boston, Mass.:  
Daily Advertiser (morning, except Sunday).



**Boston, Mass.—Continued.**

American (evening and Sunday morning).  
 Globe (morning, evening, and Sunday).  
 Herald (morning, evening, and Sunday).  
 Journal (morning and Sunday).  
 Post (morning and Sunday).  
 Evening Record (evening, except Sunday).  
 Evening Transcript (evening, except Sunday).  
 Traveler (evening, except Sunday).  
 Bridgeport, Conn.: Standard (evening, except Sunday).  
 Brooklyn, N. Y.:  
 Citizen (evening and Sunday morning).  
 Daily Eagle (evening and Sunday morning).  
 Brooklyn Frele Presse (evening and Sunday morning).  
 Standard Union (evening and Sunday morning).  
 Daily Times (evening, except Sunday).  
 Buffalo, N. Y.:  
 Express (morning and Sunday).  
 Evening News (evening and Sunday morning).  
 Evening Times (evening and Sunday morning).  
 Burlington, Iowa: Hawk-Eye (morning and Sunday, except Monday morning).  
 Burlington, Vt.: Free Press (morning, except Sunday).  
 Butte, Mont.:  
 Inter Mountain (evening, except Sunday).  
 The Miner (morning and Sunday).  
 Charleston, S. C.:  
 News and Courier (morning and Sunday).  
 Evening Post.  
 Charlotte, N. C.: Daily Observer (morning and Sunday); Evening Chronicle (evening).  
 Chattanooga, Tenn.: Times (morning and Sunday).  
 Chicago, Ill.:  
 Evening American (evening, except Sunday).  
 Examiner (morning and Sunday).  
 Farmers & Drovers Journal.  
 The Inter Ocean (morning and Sunday).  
 Daily Journal (evening, except Sunday).  
 Daily News (evening, except Sunday).  
 Evening Post (evening, except Sunday).  
 Record-Herald (morning and Sunday).

**Chicago, Ill.—Continued.**

Daily Tribune (morning and Sunday).  
 Cincinnati, Ohio:  
 Commercial Tribune (morning and Sunday).  
 The Enquirer (morning and Sunday).  
 The Post (evening, except Sunday).  
 Daily Times-Star (evening, except Sunday).  
 Cleveland, Ohio:  
 The Leader (morning and Sunday).  
 The News (evening, except Sunday).  
 Plain Dealer (morning and Sunday).  
 Press (evening, except Sunday).  
 Colorado Springs, Colo.: Gazette (morning and Sunday).  
 Columbia, S. C.: The State (morning and Sunday).  
 Columbus, Ohio:  
 Dispatch (evening and Sunday morning).  
 Ohio State Journal (morning and Sunday).  
 Dallas, Tex.: Times-Herald (evening and Sunday morning).  
 Davenport, Iowa: Daily Times (evening, except Sunday).  
 Dayton, Ohio: Daily News (evening, except Sunday).  
 Danville, Ill.:  
 Commercial News.  
 Press-Democrat.  
 Denver, Colo.:  
 Post (evening and Sunday morning).  
 Republican (morning and Sunday).  
 Rocky Mountain News (morning and Sunday).  
 Times (evening and Sunday morning).  
 Des Moines, Iowa:  
 Capital (evening, except Sunday).  
 Register and Leader (morning and Sunday); Evening Tribune (evening).  
 Detroit, Mich.:  
 Free Press (morning and Sunday).  
 Journal (evening, except Sunday).  
 Daily News (morning and evening); News-Tribune (Sunday).  
 Duluth, Minn.:  
 Evening Herald (evening, except Sunday).  
 News Tribune (morning and Sunday).  
 East Liverpool, Ohio: Evening Review (evening, except Sunday).

Elizabeth, N. J.: Daily Journal (evening, except Sunday).  
 El Paso, Tex.: Herald (evening, except Sunday).  
 Evansville, Ind.:  
     Courier (morning and Sunday).  
     Journal-News (evening and Sunday).  
 Everett, Wash.: Daily Herald (evening, except Sunday).  
 Fall River, Mass.: Daily Globe (evening, except Sunday).  
 Fargo, N. Dak.: Forum and Daily Republican (evening, except Sunday).  
 Fort Smith, Ark.: Southwest American (morning and Sunday, except Monday).  
 Fort Worth, Tex.:  
     Record (morning and Sunday).  
     Star-Telegram (evening and Sunday morning).  
 Fresno, Cal.: Morning Republican (morning and Sunday).  
 Galveston, Tex.: News (morning and Sunday).  
 Grand Rapids, Mich.: Evening Press (evening, except Sunday).  
 Green Bay, Wis.: Gazette (evening, except Sunday).  
 Hartford, Conn.:  
     Courant (morning, except Sunday).  
     Times (evening, except Sunday).  
 Haverhill, Mass.: Evening Gazette (evening, except Sunday).  
 Helena, Mont.: Independent (morning and Sunday).  
 Houston, Tex.:  
     Chronicle (evening and Sunday morning).  
     Post (morning and Sunday).  
 Indianapolis, Ind.:  
     News (evening, except Sunday).  
     Star (morning and Sunday).  
 Jackson, Mich.: Patriot (morning and Sunday, except Monday morning).  
 Jacksonville, Fla.: Florida Times-Union (morning and Sunday).  
 Jersey City, N. J.: Jersey Journal (evening, except Sunday).  
 Johnstown, Pa.: Tribune (evening, except Sunday).  
 Joliet, Ill.: Daily News (evening, except Sunday).  
 Kansas City, Mo.:  
     Journal (morning and Sunday).  
     Post (evening and Sunday morning).  
     Star (evening and Sunday morning; Times (morning).  
 Kingston, N. Y.: Freeman (evening, except Sunday).  
 Knoxville, Tenn.:  
     Journal and Tribune (morning and Sunday).  
     Sentinel (evening, except Sunday).

Leavenworth, Kans.: Times (morning and Sunday).  
 Lexington, Ky.: Herald (morning and Sunday).  
 Lincoln, Nebr.: Nebraska State Journal (morning and Sunday); Evening News (evening).  
 Los Angeles, Cal.:  
     Examiner (morning and Sunday).  
     Express (evening, except Sunday).  
     Times (morning and Sunday).  
 Louisville, Ky.:  
     Courier-Journal (morning and Sunday); Times (evening, except Sunday).  
     Herald (morning and Sunday).  
     Evening Post (evening, except Sunday).  
 Lowell, Mass.: Courier-Citizen (morning and evening, except Sunday).  
 Lynn, Mass.: Daily Evening Item (evening, except Sunday).  
 McKeesport, Pa.: Daily News (evening, except Sunday).  
 Macon, Ga.: News (evening, except Sunday).  
 Manchester, N. H.: Union (morning and evening, except Sunday).  
 Memphis, Tenn.:  
     Commercial Appeal (morning and Sunday).  
     News Scimitar (morning and evening, except Sunday).  
 Meriden, Conn.:  
     Daily Journal (evening, except Sunday).  
     Morning Record (morning, except Sunday).  
 Milwaukee, Wis.:  
     Milwaukee Herald (morning);  
     Germania-Abendpost (evening);  
     Milwaukee Sonntagspost (Sunday).  
     Journal (evening, except Sunday).  
     Daily Kuryer Polski (evening, except Sunday).  
     Sentinel (morning, evening, and Sunday).  
     Evening Wisconsin (evening, except Sunday).  
 Minneapolis, Minn.:  
     Journal (evening and Sunday morning).  
     Tribune (morning, evening, and Sunday).  
 Mobile, Ala.: Register (morning and Sunday).  
 Montgomery, Ala.: Advertiser (morning and Sunday).  
 Muncie, Ind.: Morning Star (morning and Sunday).  
 Nashville, Tenn.:  
     Banner (evening, except Sunday).  
     Tennessean and American (morning and Sunday).  
     Morning Mercury (morning, except Sunday).

- New Bedford, Mass.:** Evening Standard (evening and Sunday morning).
- New Haven, Conn.:**  
Journal-Courier (morning, except Sunday).  
Register (evening and Sunday morning).
- New Orleans, La.:**  
Item (evening and Sunday morning).  
Picayune (morning and Sunday).  
Daily States (evening and Sunday morning).  
Times-Democrat (morning and Sunday).
- New York City, N. Y.:**  
American (morning and Sunday).  
Evening Journal (evening, except Sunday).  
Commercial (morning, except Sunday).  
Globe and Commercial Advertiser (evening, except Sunday).  
New Yorker Herald (evening); New Yorker Zeitung (morning); New Yorker Revue (Sunday morning).  
The Journal of Commerce and Commercial Bulletin (morning, except Sunday).  
Evening Mail (evening, except Sunday).  
Das Morgen-Journal (morning and Sunday).  
Evening Post (evening, except Sunday).  
New Yorker Staats Zeitung (morning, evening, and Sunday).  
Sun (morning, evening, and Sunday).  
Morning Telegraph (morning and Sunday).  
Times (morning and Sunday).  
Tribune (morning and Sunday).  
World (morning, evening, and Sunday).
- Newark, N. J.:**  
Evening News (evening, except Sunday).  
Star (morning and evening, except Sunday).  
Sunday Call (Sunday morning only).
- Newark, Ohio:** Advocate (evening, except Sunday).
- Oakland, Cal.:**  
Enquirer (evening, except Sunday); Times (morning, except Sunday).  
Tribune (evening and Sunday morning).
- Ogden, Utah:**  
Evening Standard (evening); Examiner (morning and Sunday).
- Oil City, Pa.:** Derrick (morning, except Sunday).
- Oklahoma City, Okla.:** Oklahoman (morning and Sunday).
- Omaha, Nebr.:** Daily Bee (morning, evening, and Sunday).
- Oshkosh, Wis.:** Daily Northwestern (evening, except Sunday).
- Ottumwa, Iowa:** Courier (evening, except Sunday).
- Owensboro, Ky.:** Messenger (morning and Sunday, except Monday).
- Paterson, N. J.:**  
Morning Call (morning, except Sunday).  
Daily Guardian (evening, except Sunday).  
Evening News (evening, except Sunday).
- Pawtucket, R. I.:** Evening Times (evening, except Sunday).
- Peoria, Ill.:** Daily Journal (evening and Sunday morning).
- Philadelphia, Pa.:**  
Evening Bulletin (evening, except Sunday).  
Morgen-Gazette (morning, except Sunday); Democrat (evening); Sonntags-Gazette (Sunday).  
Inquirer (morning and Sunday).  
Press (morning and Sunday).  
Public Ledger (morning and Sunday).  
Record (morning and Sunday).
- Pittsburg, Pa.:**  
Chronicle Telegraph (evening, except Sunday).  
Dispatch (morning and Sunday).  
Gazette Times (morning and Sunday).  
Post (morning and Sunday).  
Press (evening and Sunday morning).  
Sun (evening, except Sunday).
- Portland, Me.:**  
Eastern Argus (morning, except Sunday).  
Evening Express and Daily Advertiser (evening); Sunday Telegram (Sunday morning).
- Portland, Oreg.:**  
Daily Journal (evening and Sunday morning).  
Oregonian (morning and Sunday); Telegram (evening).
- Providence, R. I.:**  
Journal (morning and Sunday); Bulletin (evening).  
Evening News (evening, except Sunday).  
Tribune (evening and Sunday morning).
- Pueblo, Colo.:**  
Chieftain (morning and Sunday).  
Star-Journal (evening and Sunday morning).
- Reading, Pa.:** Eagle (evening and Sunday morning).

- Richmond, Va.:  
 News Leader (evening, except Sunday).  
 Times-Dispatch (morning and Sunday).
- Rochester, N. Y.: Union and Advertiser (evening, except Sunday).
- Rome, N. Y.: Daily Sentinel (evening, except Sunday).
- Rutland, Vt.: Herald (morning, except Sunday).
- St. Joseph, Mo.:  
 Gazette (morning and Sunday).  
 News-Press (evening, except Sunday).
- St. Louis:  
 Globe-Democrat (morning and evening).  
 Post-Dispatch (evening and Sunday morning).  
 Republic (morning and Sunday).  
 Star (evening and Sunday morning).  
 Times (evening, except Sunday).  
 Westliche Post (morning); Anzeiger (evening); Mississippi Blaetter (Sunday).
- St. Paul, Minn.:  
 Dispatch (evening) Pioneer Press (morning); Pioneer Press and Dispatch (Sunday morning).  
 Daily News (evenings and Sunday morning).  
 Dally Volkszeitung (evening, except Sunday); Minnehaha (extra Saturday).
- Sacramento, Cal.:  
 Bee (evening, except Sunday).  
 Union (morning and Sunday).
- Salt Lake City, Utah:  
 Deseret News (evening, except Sunday).  
 Herald-Republican (morning and Sunday).  
 Evening Telegram (evening, except Sunday).  
 Tribune (morning and Sunday).
- San Antonio, Tex.:  
 Daily Express (morning and Sunday).  
 Light and Gazette (evening and Sunday morning).
- Sandusky, Ohio: Register (morning and Sunday).
- San Francisco, Cal.:  
 Bulletin (evening, except Sunday).  
 Call (morning and Sunday).  
 Chronicle (morning and Sunday).  
 Examiner (morning and Sunday).  
 Dally L'Italia (morning and Sunday morning).  
 Evening Post (evening, except Sunday).
- Saratoga Springs, N. Y.: Saratogian (evening, except Sunday).
- Savannah, Ga.: Morning News (morning and Sunday).
- Schenectady, N. Y.: Gazette (morning, except Sunday).
- Scranton, Pa.: Times (evening, except Sunday).
- Seattle, Wash.:  
 Post Intelligencer (morning and Sunday).  
 Times (evening and Sunday morning).
- Shreveport, La.: Times (morning and Sunday).
- Sioux City, Iowa:  
 Journal (morning, evening, and Sunday).  
 Tribune (evening, except Sunday).
- Spokane, Wash.:  
 Daily Chronicle (evening, except Sunday).  
 Spokesman-Review (morning and Sunday).
- Springfield, Ill.:  
 Evening News (evening, except Sunday).  
 Illinois State Journal (morning and Sunday).  
 Illinois State Register (morning and Sunday).
- Springfield, Mass.:  
 Republican (morning and Sunday).  
 Union (morning, evening, and Sunday).
- Springfield, Mo.: Leader (evening and Sunday morning).
- Springfield, Ohio:  
 Daily News (evening and Sunday morning).  
 Farm and Fireside (semimonthly).  
 Woman's Home Companion (monthly).
- Superior, Wis.: Telegram (evening, except Sunday).
- Syracuse, N. Y.:  
 Herald (evening and Sunday morning).  
 Journal (evening, except Sunday).  
 Post-Standard (morning, except Sunday).
- Tacoma, Wash.:  
 Ledger (morning and Sunday).  
 Daily News (evening, except Sunday).
- Taunton, Mass.: Daily Gazette (evening, except Sunday).
- Terre Haute, Ind.:  
 Star (morning and Sunday).  
 Tribune (evening and Sunday morning).
- Toledo, Ohio: Blade (evening, except Sunday).
- Topeka, Kans.:  
 Daily Capital (morning and Sunday).  
 State Journal (evening, except Sunday).
- Trenton, N. J.: Evening Times (evening, except Sunday).

- Troy, N. Y.:  
 Record (morning and evening, except Sunday).  
 Times (evening, except Sunday).
- Utica, N. Y.:  
 Observer (evening, except Sunday).  
 Daily Press (morning, except Sunday).  
 Saturday Globe (Saturday evening only).
- Washington, D. C.:  
 Post (morning and Sunday).  
 Evening Star (evening and Sunday morning).  
 Times (evening and Sunday evening).
- Waterbury, Conn.:  
 American (evening, except Sunday).  
 Republican (morning and Sunday).
- Wheeling, W. Va.:  
 News (evening and Sunday morning).  
 Register (morning and Sunday).
- Wichita, Kans.: Eagle (morning and Sunday).
- Wilkes-Barre, Pa.: Record (morning, except Sunday).
- Williamsport, Pa.:  
 Grit (Sunday morning only).  
 Sun (evening, except Sunday).
- Wilmington, Del.: Every Evening and Commercial (evening, except Sunday).
- Woonsocket, R. I.: Evening Call and Evening Reporter (evening, except Sunday).
- York, Pa.: Dispatch (morning and evening, except Sunday).
- Youngstown, Ohio:  
 Telegram (evening, except Sunday).  
 Vindicator (evening and Sunday morning).
- Zanesville, Ohio:  
 Signal (evening, except Sunday).  
 Times Recorder (morning, except Sunday).
- Calgary, Alberta: Herald (evening, except Sunday).
- Hamilton, Ontario: Spectator (evening, except Sunday).
- Montreal, Quebec:  
 La Patrie (evening, except Sunday).  
 La Presse (evening, except Sunday).  
 Daily Star (evening, except Sunday); Family Herald and Weekly Star (weekly).
- Ottawa, Ontario:  
 Citizen (morning and evening, except Sunday); Central Canada Citizen (semiweekly).  
 Evening Journal (evening, except Sunday); Ottawa Valley Journal (semiweekly).
- Toronto, Ontario:  
 Globe (morning and evening, except Sunday).  
 Mail and Empire (morning, except Sunday).  
 Daily Star (evening, except Sunday).  
 Evening Telegram (evening, except Sunday).
- Vancouver, British Columbia:  
 News-Advertiser (morning and Sunday morning).  
 Daily Province (evening, except Sunday).  
 World (evening, except Sunday).
- Victoria, British Columbia: Daily Times (evening, except Sunday).
- Mexico City, Mexico: Mexican Herald (morning and Sunday); El Heraldo Mexicano (evening, except Sunday; Spanish).

Mr. NORRIS. I had nearly finished my statement with respect to prices. The exports of news-print paper for the nine months ended March 31, 1911, were 36,801 tons, which is at the rate of 49,068 tons per annum. Of this quantity the United Kingdom took over 30 per cent, Cuba 20 per cent, and Argentina 11 per cent. The Canadian mills have been shipping their news-print paper to the United States at a price of \$36.80 per ton f. o. b. mill. The American mills are charging the domestic consumers \$41 per ton f. o. b. mill. It is obvious that Canadian mills would not pay a duty of \$3.75 per ton for admission into the United States and sell at \$36.80 per ton f. o. b. mill if they could obtain better prices in the foreign market where they do not pay an import duty and where there would be a gain of \$4 per ton for them if American paper makers quoted paper to foreign buyers at the same price that they exact from American consumers.

Yesterday Senator Clark called attention to and made some inquiry about my solicitation of quotations from paper makers, and

I now ask leave to put into the record the text of my inquiry to these paper makers. I will read it:

DEAR SIR: I am in the market to buy news-print paper for October delivery in carload lots, to an amount of approximately 500 tons. At what price will you sell any quantity not exceeding that amount f. o. b. mill, cash in advance, for gross weight of paper, wrappers, and cores, in carload lots of approximately 20 tons each?

Senator HEYBURN. That is the letter you wrote to them?

Mr. NORRIS. That is the letter I wrote to them. The fact was that I sold approximately \$45,000 worth of paper, and I sold it for enough to cover the cost of the paper and the auction expenses.

Senator HEYBURN. Did you write that letter of your own volition, did some one request you to, or was it agreed between you and others that you should write it?

Mr. NORRIS. Nothing of the sort. I wrote that letter upon my own initiative and for my own purposes.

I also want to call attention to the fact that in the matter of exportations of book paper to Canada by American mills Canada has had substantially one mill making book paper. The Canadian market has been supplied by American book-paper mills, and therefore the statement filed by Judge Moore and Mr. Sullivan, representing the Nixon mills, that there was a handicap of \$224,000 in the business of one mill, or \$3 a ton, against the American paper makers by reason of tariff on supplies, is entirely wrong; otherwise the United States book-print mills could not supply the Canadian market.

Senator HEYBURN. You say the statement that was made by the commission is wrong as to the difference in price?

Mr. NORRIS. What commission?

Senator HEYBURN. The Tariff Board.

Mr. NORRIS. The Tariff Board did not touch upon book-print paper at any point.

Senator HEYBURN. I understand that you referred to the book paper yourself.

Mr. NORRIS. I referred to book paper, but I did not refer to the Tariff Board—

Senator HEYBURN. I do not think it is necessary to indulge in any particular sarcasm about it. I based my inquiry upon your statement and asked if the Tariff Board made that statement.

Mr. NORRIS. I say not.

Senator HEYBURN. That is sufficient.

Mr. NORRIS. I call attention to the fact that the Canadian Blue-book—imports and exports of paper from Canada—shows that for the year 1905 Canada exported to the United States \$184,000 of paper and paper manufactures and imported from the United States \$2,195,000 worth—nearly ten times as much paper taken by Canada from the United States in that year as it sent to the United States.

The CHAIRMAN. What kind of paper?

Mr. NORRIS. All kinds of paper: Albumenized and other paper, playing cards, cardboards, envelopes, hanging or wall paper, pads not printed, papeterie, and all other manufactures not otherwise provided for; printing paper, ruled and bordered; coated and boxed papers; wrapping paper—we sent into Canada in that year three times as much of all kinds of paper as Canada sent into the United States of all kinds of paper.

The United States sent in \$150,000 worth of felt boards, \$173,000 worth of hanging or wall paper, \$342,000 worth of printing paper; a total of \$2,195,000—that is, Canada bought from the United States.

Senator SMOOT. Give the items of print paper.

Mr. NORRIS. I will file the whole statement if you wish.

Senator SMOOT. Most of it is book paper, is it not?

Mr. NORRIS. No; felt boards substantially equal the entire shipment from Canada; that is, felt boards bought by Canada from the United States substantially equal all of the paper export shipped by Canada to the United States.

Senator SMOOT. That is not what I was getting at. You gave felt boards the amount that was shipped into Canada; and then you gave some other items which amounted to a few hundred thousand dollars, and then said, a total of two million and some odd dollars.

Mr. NORRIS. I will read all of the statement if that will be of any help.

Senator SMOOT. I think while you are reading the items, it would be better to read what were the exports into Canada.

Mr. NORRIS. Albuminized and other papers and films for photographers' use, \$118,851; playing cards, \$41,329; cardboard, not pasted or coated, \$71,700; envelopes, \$62,459; felt board, \$150,043; hanging or wall paper, including borders, \$173,454; pads, not printed, papier-mâché ware, not otherwise provided for, papeteries, and all manufactures of paper not otherwise provided for, \$515,337; printing paper, \$342,728; ruled and bordered and coated and boxed papers, \$125,669; wrapping paper, \$34,039; all other dutiable, \$559,521; free, \$8,807.

Total, dutiable, \$2,195,130; free, \$8,807.

Now, in that same year they exported to the United States: Felt, wrapping and printing paper, and paper not elsewhere specified, \$183,143; wall paper, \$1,423; making a total of \$184,567.

In 1906 they shipped into the United States \$172,590 worth, and bought from the United States \$2,326,933 worth dutiable and \$18,812 free. In 1907 Canada shipped to the United States, in nine months from the beginning of their fiscal year, \$117,061 worth, and bought from the United States \$1,872,301 worth; substantially buying twelve to fifteen times as much as it sold to the United States.

In 1908 Canada shipped into the United States \$995,280 worth, and bought from the United States \$2,751,148 dutiable and \$45,165 worth free.

In 1909 Canada shipped into the United States \$990,156 worth and bought from the United States \$2,443,139 dutiable and \$55,773 free; so that, substantially, in 1909 Canada was buying almost three times as much as it was shipping to the United States of the manufactures of paper.

In the recent report of the Bureau of Statistics with respect to shipments from Canada to the United States, it appeared that the price at which the paper was being shipped from the United States to Canada was 3.84 cents, or less than 4 cents a pound. So that the paper which we are shipping into Canada is of this class which comes under the paper clause of the reciprocity pact. It shows that the Canadian mills can not undersell the American book-paper mills in the United States; that they can not even meet the competition of the American book-paper mills in Canada.

Senator SIMMONS. Mr. Norris, I understand you, then, as contending that the paper can be made as cheaply in this country as in Canada?

Mr. NORRIS. Cheaper.

Senator SIMMONS. Cheaper?

Mr. NORRIS. Even with the item of wood against us.

Senator SIMMONS. Then you think Canada could not compete with this country in paper, even if it were free, even if all duties were removed?

Mr. NORRIS. On paper?

Senator SIMMONS. Print paper.

Mr. NORRIS. No, sir; they could not.

Senator SIMMONS. If that be so, how would it benefit the consumer of print paper in this country to have it admitted free into Canada?

Mr. NORRIS. Because at the present time the paper makers are in an arrangement whereby they starve the market.

Senator SIMMONS. How would that make any difference if they can not compete? If they can make it cheaper in this country than in Canada, how does the question of a trust—if there is a trust—affect that situation? I am asking for information.

Mr. NORRIS. I am extremely delighted that the Senator has asked the question. The reports of the paper companies to the Bureau of Corporations show that the market has been restricted in production. The shipments of paper—exportations of paper abroad—also show that the market has been restricted in supply. The American paper mills at present have a capacity entirely sufficient to provide for the consumption of the American market, but by reason of these combinations, by reason of these understandings, and by reason of the tariff of \$3.75 per ton on paper, the American paper makers have abnormally raised their prices to a point which taxes the consumer, up to a point which will permit the Canadian papers to come in in a limited quantity, and if paper were made free the supply of paper now coming in from Canada—which is practically only 4 per cent of our consumption—would mark down the prices, and it would be a deterrent upon the American paper makers from increasing above the price at which the Canadians would sell and at which the new Canadian mills, which would be built to compete for this American trade, would sell—a difference of \$5 a ton, or \$6,000,000 a year, to the consumers of print paper in the United States.

Senator SIMMONS. Is it your contention or claim that the American producer of paper sells that paper cheaper in Canada than in America?

Mr. NORRIS. The American paper maker?

Senator SIMMONS. That the American paper manufacturer sells his print paper cheaper in Canada than he does in America?

Mr. NORRIS. He sells it cheaper in the competitive markets, such as England, in competition with the Canadian paper maker.

Senator SIMMONS. I am talking about Canada. Do you contend that the American manufacturer sells print paper cheaper in Canada than he does in America?

Mr. NORRIS. I do not.

Senator SIMMONS. But you have just shown that we are exporting more print paper to Canada—



Mr. NORRIS. No; excuse me. I said we export more print paper, not to Canada—this is in the Bluebook.

Senator SIMMONS. I understand you.

Mr. NORRIS. I said to foreign markets.

Senator SIMMONS. I am not talking about foreign markets. I understood you a little while ago to contend that we were importing from Canada only about \$184,000 worth of paper a year; and then I understood you further to contend and produce statistics to show that we were exporting to Canada something over \$2,000,000 worth of paper, \$380,000 worth of that being print paper.

Mr. NORRIS. Printing paper, but not news-print paper; that is book paper.

Senator SIMMONS. You did not explain that.

Mr. NORRIS. That is printing paper; I was reading from the Canadian Bluebook, which referred to it as printing paper; but I also stated subsequently that the price at which the American print paper was being shipped into Canada was 3.84 cents, saying that it was book paper.

Senator SIMMONS. Let me ask, is any print paper—news-print paper—exported from this country into Canada?

Mr. NORRIS. A slight quantity from the Minnesota and Ontario mills at International Falls up to Winnipeg.

Senator SIMMONS. How much?

Mr. NORRIS. Oh, quite a trifle. There is a duty of 15 per cent by Canada against American paper.

Senator SIMMONS. You do not contend, as I understand, that any paper exported from this country into Canada is sold there at less than it sells in the markets here?

Mr. NORRIS. I do not say that with respect to Canada.

Senator SIMMONS. We are not talking about any other country except Canada now.

Mr. NORRIS. I do not want my answer taken without coupling it with the other statement.

Senator SIMMONS. Very well; you may make your statement to suit yourself. I would be very glad, in that connection, Mr. Norris, if you have the facts or can get them, if you would put into the record exactly and how much of the news-print paper is imported into this country from Canada, and how much is exported from this country into Canada.

Mr. NORRIS. I have an envelope dealing directly with that phase of the subject, and I find that I did not bring it with me this morning. I can obtain it and furnish the figures for the imports and exports of merchandise as prepared by the Bureau of Statistics.

Senator SIMMONS. Both ways?

Senator STONE. News-print paper?

Senator SIMMONS. News-print paper exported to Canada from this country and exported from Canada into this country?

(The clerk to the committee here gave Mr. Norris the pamphlet he referred to.)

Mr. NORRIS. Prior to July 1, 1910, the Bureau of Statistics did not separate printing paper from news-print paper; that is, for nine months.

Senator SIMMONS. I think the last few years will probably be sufficient.

Mr. NORRIS. This gives the statement up to June 30, and the other statement—

Senator HEYBURN. I think it is only in the statistics that they have not been separated, and that they are available separately from the Treasury Department. I think it only means in the Bureau of Statistics they have not published them separately, so that if we need them we can get them.

Mr. NORRIS. For the year 1910 the imports of printing paper for books and newspapers from North America (substantially Canada)—a slight quantity from Newfoundland in that year—were valued at \$1,656,608. The exports of paper of all kinds—I can put in concrete form for the committee a statement which will show accurately all of these things dug out and not consume much of your time.

Senator SIMMONS. I think that would be all right. I understand you now as saying print paper. You need not separate news-print paper from other kinds of paper in giving the amount imported and exported.

Mr. NORRIS. When I get it from the Canadian Blue Book, I can not, because that does not differentiate, except that the prices at which they invoice will show that it was at an average price of \$1.80 to \$1.84 per 100 pounds, which would indicate that it was news-print paper, because no book paper is sold at any such price.

Senator SIMMONS. All I wished was just a definite statement. If you can give it in any way, you can put it in afterwards.

The CHAIRMAN. To save time, suppose you prepare an answer to Senator Simmons's inquiry and submit it to the committee later on.

Mr. NORRIS. Now, in the matter of the Root amendment. The application of that amendment would postpone indefinitely the treaty arrangement with Canada.

Senator STONE. What did you say about the effect of that amendment?

Mr. NORRIS. It would be to postpone indefinitely the application of the treaty, or the enforcement of the treaty, because the pulp and paper clause—

Senator STONE. Of course, that is what it is intended for.

Mr. NORRIS. That is what it is intended for, as an integral part of the arrangement.

Senator CLARK. You are anticipating, then, if we make a change in this bill that it will not be acceptable to the Canadian Government; is that it?

Mr. NORRIS. I mean to say that in the correspondence it was explained by Mr. Fielding just what he could do and what he could not do. It should be understood that in the Ottawa Parliament there has been pending for several sessions a bill, and there has been a widespread demand throughout Canada by paper makers and others, for the passage of a law by the Dominion similar to that adopted by many of the large Provinces of Canada, namely, to prohibit the exportation of pulp wood, in order that the American mills would be deprived of any chance of supply from beyond the border, and when that question arose the Dominion Government failed to approve it. It has been a matter of agitation recently. In the treaty negotiations the arrangement made has practically insured that there would

be no prohibition of exportation of pulp wood from any of the lands which the Dominion Government controls or can control.

That would cover the Provinces of Manitoba, Alberta, and Saskatchewan, in which the Dominion owns all of the public lands, the strip of 20 miles along the railroad through British Columbia, three million and a half acres of land in the Pease River district, east of the Rocky Mountains, and the public lands in the Northwest Territory, and all of the private lands—that is, all of the lands not owned directly by the Provinces—in Ontario, Quebec, New Brunswick, Nova Scotia, and Prince Edward Island. The effect of that arrangement is, if this paper clause should go through, to set up a competition between the Dominion lands and the private lands in the various Provinces on the one side against the provincial lands. This treaty clause provides that when paper is made from wood from these unrestricted areas that it shall come in free of duty, and when it is made from wood subject to restriction there should be a penalty or tariff of \$5.75 per ton for it as print paper.

Senator SMOOT. That is, coming into this country?

Mr. NORRIS. Sir?

Senator SMOOT. That is, coming into this country.

Mr. NORRIS. Coming into this country.

Senator SMOOT. Now, let me ask you the question that I did yesterday: Your association is opposed to the Root amendment?

Mr. NORRIS. Absolutely; unqualifiedly.

Senator SMOOT. The Root amendment means that if wood pulp and paper are to be admitted into this country free from Canada that wood pulp and paper from this country shall be admitted into Canada free, does it not?

Mr. NORRIS. It does, subject to these modifications.

Senator SMOOT. Let me read the amendment—I have it here—so you will understand it before you answer the question. The Root amendment is this: “and when the President of the United States shall have satisfactory evidence and shall make proclamation that such wood pulp, paper, and board, being the products of the United States, are admitted into Canada free of duty.” That is the amendment that was offered by Senator Root, and without that amendment the bill, as it now stands, would admit wood pulp and paper from Canada free into the United States, but it would not allow wood pulp and paper made in the United States to go free into Canada—and that you denied yesterday.

Mr. NORRIS. The situation is this: That when the Dominion was created the Provinces reserved the right to hold the ownership of the lands, and the Dominion Government has no more control over those lands than the United States would have over State lands.

Senator SMOOT. Mr. Norris, there is not a member of the committee but what understands that. Let me ask you this question: Do you think it right and proper that Canadian wood pulp and paper should be admitted into the United States free and American wood pulp and paper not be admitted into Canada free?

Mr. NORRIS. I think that all Canadian pulp and paper should be admitted free into the United States, and you can obtain that result merely by striking out from that paper clause the condition precedent, and if you strike out the condition precedent, then automatically

this bill provides that all of the duties by Canada shall be wiped out against the United States.

Senator SMOOT. You did not answer my question.

Mr. NORRIS. You asked if I believed that paper and pulp should be admitted free from Canada?

Senator SMOOT. Oh, and not admitted into Canada free from the United States?

Mr. NORRIS. I believe it should be admitted free on both sides, surely, but the United States has put up a barrier, so that all of the paper made from wood cut on twenty-four twenty-fifths of the land in the Province of Quebec alone will be under this paper clause, subject to a duty of \$5.75 a ton, and we are not now asking that that shall be wiped out until the Provinces waive their restrictions—change their regulations and stop their prohibitions.

Senator SMOOT. I have here a pamphlet headed "The American Newspaper Publishers' Association, Bulletin 2361. I read from this because—

Mr. NORRIS (interrupting). You probably get it at your office; you are a member of the Association.

Senator SMOOT. I read—

Mr. NORRIS (interrupting). And you are one of my employers.

Senator SMOOT. I read it from this, because of the fact that I know that you would take this to be true although it is in the report here—in the President's message to Congress. Now, it provides in this schedule the words as provided in the bill, that is, this is the clause of the proposed reciprocity agreement with Canada—

Mr. NORRIS. What is the date of that?

Senator SMOOT. The date of it is January 28, 1911. Now, the proviso is not in the bill, and this is what the proviso says:

*Provided, also, That such wood pulp, paper, or board, being the product of the United States shall only be admitted free of duty into Canada from the United States when such wood pulp, paper, or board, being the products of Canada, are admitted from all parts of Canada free of duty into the United States,*

or, in other words, there would not be a pound of wood pulp or paper in the United States admitted into Canada free under this agreement, unless every Province in Canada removed the restrictions as to export duties upon wood pulp and paper.

Mr. NORRIS. There is another.

Senator SMOOT. Not a single one.

Mr. NORRIS. Yes, there is. Now, let me explain. You strike out that condition precedent in the paper clause and every pound of paper worth 4 cents a pound or less would go into Canada free of duty.

Senator SMOOT. Now, Mr. Norris, do you say that as a man?

Mr. NORRIS. I say that as a man, with full knowledge of it, because if you will read the paper clause—the paper clause says that pulp boards, and so forth, valued at 4 cents a pound and less shall be admitted to the United States free of duty, subject to this condition precedent. Strike out your condition precedent, and it will read merely that all paper board, and so forth, valued at not more than 4 cents a pound shall be admitted free of duty into the United States. That, of course, would admit paper from all parts of Can-

ada, and does provide automatically for the very thing which you have been reading—for the free admission of paper, board, and so forth, valued at not more than 4 cents into Canada.

Senator SMOOT. Mr. Norris, you know that Mr. Fielding said in his statement to the Secretary of State that they had no power over the Provinces of Canada?

Mr. NORRIS. You are talking about the condition precedent—you are talking about forcing the Provinces to remove their restrictions.

Senator SMOOT. Mr. Norris, let us get at the thing as it is. I admit what you say in relation to the admission into the United States of wood pulp and paper.

Mr. NORRIS. Then, would it not automatically go into Canada free?

Senator SMOOT. No; not by any manner of means.

Mr. NORRIS. Why not?

Senator SMOOT. Because if one of the Provinces in Canada still maintained an export duty it would not go into Canada free.

Mr. NORRIS. Not at all. You read the regulation in the Canadian bill, which says that when the paper is admitted into the United States free of duty it shall then be admitted into Canada free of duty.

Senator SMOOT. It says here "admitted from all parts of Canada."

Mr. NORRIS. But if you strike out the condition precedent, would it not be admitted from all parts of Canada?

Senator SMOOT. Yes; into the United States.

Mr. NORRIS. Surely; and if it is admitted into the United States from all parts of Canada free of duty, does not this automatically provide that it shall be admitted free of duty into Canada? Of course it does; you read that. You strike out the condition precedent and you obtain the reciprocity absolutely.

Senator CLARK. Mr. Norris, if that be true, and if it be true also that the Canadian Government makes that provision, what is the objection to putting in the Root amendment here?

Mr. NORRIS. Why, because you are keeping in your condition precedent, which stops the free importation of paper from Canada. From twenty-four twenty-fifths of Quebec alone.

Senator CLARK. Let me ask you another question, Mr. Norris. The Root amendment is inconsistent with the bill which we are considering. Is it inconsistent with the negotiation that was made between the two Governments?

Mr. NORRIS. Entirely inconsistent with the intent of the negotiators, as expressed in these letters.

Senator CLARK. I do not know anything about the intent of the negotiators.

Mr. NORRIS. All right, as expressed here in the arrangement.

Senator CLARK. Just a moment. I know nothing about the intent of the negotiators, except as we have the result of their action.

Mr. NORRIS. I am talking of the results of their action.

Senator CLARK. In the treaty which the President of the United States sent to Congress, your idea is that the Root amendment violates that agreement?

Mr. NORRIS. Makes that absolutely unworkable.

Senator CLARK. That is not my question. I am not talking about making it unworkable.

Mr. NORRIS. Of course, it violates it.

Senator CLARK. That is what I asked.

Mr. NORRIS. And here is the phrase in Mr. Knox's letter, which all of these gentlemen seem to have refrained from mentioning, reading as follows: "We recognize the difficulties to which you refer, growing out of the nature of the relations between the Dominion and Provincial Governments, and for the present we must be content with the conditional arrangement which has been proposed in Schedule A, attached to your letter." That is on page 10 of the reply of the Secretary of State. Mr. Fielding and Mr. Patterson had the distinct idea, as expressed here, that where the paper was made from free wood it would come into the United States free of duty, and if the United States insisted upon maintaining a duty of \$5.75 per ton against any of the paper made in Canada it would be unfair, unreasonable, to ask Canada to admit all paper from the United States free into Canada. Just as soon as the United States would pull down its bars Canada would pull down her bars. The thing is obvious upon its face.

Senator SMOOR. Well, in conversation with one of the men that negotiated the treaty the other day, I asked this question: "Under the bill, if there were three Provinces in Canada lying together, or in any shape, and two of them had restrictions upon exportation of pulp to this country, could we import paper into Canada free?" He says: "No." I said: "If there was one of them that had restrictions, could the American manufacturers export their paper into Canada?" He said: "No." Then I said: "If one of the Provinces in Canada withholds the withdrawal of the export duty upon pulp wood, the American manufacturer can not ship paper into Canada free of duty?" He said: "That is exactly as we understand it."

Mr. NORRIS. I entirely concur in that statement, provided you maintain that condition precedent. Remove that condition and your paper will go into Canada free of duty, regardless of provincial restrictions. But you are overlooking the practical side of this proposition, which is that the United States is the largest and most attractive market in the world for paper manufacturers. We use substantially 60 per cent of all the print paper, as I am told, in the world. Now, if that be the case, with a market of substantially \$225,000,000 of the various paper items covered by this treaty clause, there is an inducement for the establishment of mills in Canada to reach this market, and by reason of the denudation of the territories tributary to the present mills, and the necessity for their transfer elsewhere, and their modernization, it is inevitable that the production will tend toward the place where the raw material can be obtained. If that is the case, there is every inducement why every Province which has these restrictions would seek to attract industrial development within its borders and to wipe out the restrictions in order that it might reach this market.

Senator SMOOR. I understand that thoroughly, and that is the position you take, that you want the Canadian Government to manufacture the paper for the American publisher?

Mr. NORRIS. Not at all.

Senator SMOOR. How could he go to the place where the wood is grown and not manufacture it in Canada, as you say, if there is

where the bulk of the future pulp wood is to come from and the paper is to be made?

Mr. NORRIS. The pulp will be made there ultimately, but the paper will be converted from the pulp here. The water power and the wood are there; and the best, cheapest, only place where you can make pulp is where the wood is and where the water power is, and where you have ample facilities and water routes to markets.

Senator SMOOT. Is it not just as cheap to ship paper as it is wood pulp?

Mr. NORRIS. Cheaper.

Senator SMOOT. Then why would a mill up in Canada make wood pulp and ship the wood pulp into this country and have paper made here?

Mr. NORRIS. I am glad you asked that question. I will answer that.

Senator SMOOT. Certainly.

Mr. NORRIS. You say wood pulp or pulp wood?

Senator SMOOT. Well, pulp wood.

Mr. NORRIS. There are mills in the United States receiving—a number of them receiving pulp wood from Canada. A cord of wood averages 4,000 pounds—2 tons. One and four-tenths cords of wood are necessary to make 1 ton of news-print paper. Now, 2 tons—1 cord or 2 tons of pulp wood, with 1.4 cords to a ton of paper—will make 2.8 tons of wood in a ton of paper, will it not?

Senator SMOOT. Near enough.

Mr. NORRIS. It will actually. Approximately, there is 1 ton of coal used for each ton of paper shipped from the mill to market.

Senator SMOOT. In Canada they use water power.

Mr. NORRIS. Excuse me, now. Let me carry through my calculation of what the railroad tonnage involved in a ton of paper is, with the lime and the clay and the sulphur and the repairs and the clothing sent to a mill. It averages from  $4\frac{1}{2}$  to 5 tons of transportation of raw material to every ton of finished product sent out from that mill, or, it would be substantially 5 tons of transportation on every ton of paper. I have the authority of Mr. Lyman to the Ways and Means Committee November 21, 1908, for that statement. It is also borne out by the statement of the western traffic bureau of the Wisconsin mills, which says that its handling of incoming and outgoing freight is close to 5 tons of railroad transportation for every ton of paper shipped to market. If, therefore, the pulp should be made in interior points in New York or New England as they are away from the places of consumption, it is evident that you have from 5 to  $5\frac{1}{2}$  tons of material to be transported to enter into the cost of every ton of paper.

Now, when you make the pulp at the power site, as they do in Canada, near the St. Lawrence, at Chicoutimi and Seven Islands, the transportation to the markets and the tidewater market at New York would be by water, and a ton of ground wood would equal a ton of paper—I mean pound for pound, substantially. They ship the pulp 50 per cent moist per ton, so that each ton of pulp dry will weigh 2 tons in transportation. Here, then, you have in the mere item of transportation, if that pulp be shipped from those mills to tidewater points in New York for conversion, an advantage of 3 tons in railroad transportation for the United States

tidewater points. I omitted to mention the matter of supplies from the New York markets to the interior point mills.

I am going to carry that a little further, and show you that the ultimate solution of this situation will be that the pulps made in Canada will be shipped to New York Harbor and Boston and Philadelphia, and converted there into pulps at locations within 40 minutes of the newspaper offices, where there is no damage in transit by handling on railroads. You put the rolls on trucks at the mill and deliver them at the newspaper offices.

Senator WILLIAMS. You mean convert into paper. You said convert into pulp.

Mr. NORRIS. Converting the pulps into paper. We would have no wrappers for those rolls, a saving of 2 per cent in that item. The saving in waste would be 1 per cent. A mill at tidewater can make paper from \$3 to \$5 a ton cheaper than it can be made at any point in the United States. That is because of the item of railroad transportation, and I want to anticipate you by saying that within five years there will probably be 1,000 tons per day of such paper produced in New York Harbor.

Senator CLARK. Your proposition would involve the moving of the inland mills to the seaboard——

Mr. NORRIS. No, sir.

Senator CLARK (continuing). When you say you save all the railroad transportation and save the wrapping and everything of that sort?

Mr. NORRIS. I mean to say that so far as the inland mills are concerned they will go into other markets than the seaboard, because there would be transportation from the seaboard to the inland consumers that would measurably offset the gain for the seaboard users, and the effect will be to give an advantage on the seaboard and to put a premium upon the making of pulps at tidewater points.

Senator CLARK. One other proposition. I am very much interested in your mathematical demonstration of this. Now, you mention the item of coal as being a very considerable item of expense, and I want to ask you, for my information, into what feature of the manufacture does coal enter?

Mr. NORRIS. It enters into the drying and considerably into the steam operation all through the plants.

Senator CLARK. Power, is that it?

Mr. NORRIS. Oh, I am not referring to any point except where it supplements the water power, but they must have coal for heating purposes and for drying purposes.

Senator CLARK. Now let me ask you another question——

Mr. NORRIS (interrupting). And the effect is—before you get away from the coal——

Senator CLARK. I am going right on with the coal, and before you get away from what I am trying to find out. I am asking for information.

Mr. NORRIS. I do not doubt that in the least.

Senator CLARK. Is this coal now used in Canadian plants?

Mr. NORRIS. Surely.

Senator CLARK. What is that?

Mr. NORRIS. Surely.

Senator CLARK. To the extent that you have mentioned?



Mr. NORRIS. Approximately 1,700, 1,800, or 1,900 pounds of coal per ton of finished paper, depending entirely upon the time of the year. In the month of January, for instance, at the Shawanigan Falls mills the cost, by reason of the cold weather and the increased consumption of coal, is \$1.75 per ton of paper more than it is in June.

Senator CLARK. Where are those machines situated?

Mr. NORRIS. At Shawanigan Falls, on the St. Maurice River, in the Province of Quebec—the Belgo-Canadian Pulp and Paper Co.

Senator CLARK. You have mentioned another matter in explanation that went rather rapidly through my comprehension, and that was the matter of clothing. Did you mention that?

Mr. NORRIS. If I did not mention it, I intended to.

Senator CLARK. What is that clothing?

Mr. NORRIS. That is the dressing of the paper machines—largely the wires that they have on the Fourdrinier machines. They have a wire 184 inches wide at the widest and about 77 feet long, according to the statement of the Fourdrinier manufacturers—I think it was something like 77 feet long. The felts are run on the driers. There are as many as 32 driers on the modern machines over which this paper when made passes to extract the moisture from it.

Senator CLARK. How much more does that cost at the present at the Canadian mills than at the American mills?

Mr. NORRIS. I think in some part of the report the Tariff Board gives that accurately. I think the whole cost is inconsiderable. In many cases they have sent to the United States for that material and pay a Canadian duty on it. I can give it to you accurately. I will refer to the page.

Senator CLARK. I just wanted approximately. I simply wished to get the average amount of these various matters in the increased cost in Canada.

Mr. NORRIS. The report has the comparison here.

Senator CLARK. It is not of sufficient importance for you to consume your time upon.

Mr. NORRIS. It is quite interesting and informative, and will have quite a bearing on your view of the matter. On page 41, you will find the average cost of news-print paper—the felts in Canada cost 79 cents a ton of news-print paper, and in the United States 82 cents and a difference of 3 cents on the ton in the wires cost.

Senator CLARK. That is in favor of Canada, is it not?

Mr. NORRIS. Three cents a ton.

Senator CLARK. But your argument was that those things entered into the increased cost in Canada.

Mr. NORRIS. It was the transportation of them; the railroad transportation of them to the mill from the markets, like Boston and New York.

Senator CLARK. Well, how much more, assuming that it goes to Boston or New York? I supposed this was the cost.

Mr. NORRIS. If it does not, it goes to England then.

Senator CLARK. Just wait a moment. Do you understand that the cost figured in there, in the manufacture in the Canadian markets of this clothing—felts, or whatever you call it—is the cost of the market from which it is shipped, or the cost at the mill in Canada?

Mr. NORRIS. At the mill.

Senator CLARK. Then it costs less at the mill in Canada than it does at the mill in the United States, according to that.

Mr. NORRIS. Not all these items.

Senator CLARK. I am speaking of one item which you gave as one of increased cost in Canada—this item of felt.

Mr. NORRIS. Here are the items of material.

Senator CLARK. I am talking about felts. You said that clothing cost more in Canada than it did in the United States at the mills, and gave that as one of the items that made the cost in Canada greater than in the United States, did you not?

Mr. NORRIS. The cost per item. I simply know what these figures here show.

Senator CLARK. Do you think that one of the costs of increased production in Canada over the cost of production in the United States is the cost of the clothing? You so stated in giving your items of excess cost in Canada.

Mr. NORRIS. I have figures from mills, and it shows that it costs more in Canada than it does in the United States. But these figures do not bear that out.

Senator CLARK. The figures do not bear it out.

Mr. NORRIS. These figures do not bear that particular item out, but they do other items in all that group.

Senator CLARK. But I was talking about that one particular item, and not the others.

Senator STONE. That is, the one article—clothing.

Senator CLARK. That is the one item of clothing.

Senator WILLIAMS. Is felt all that you meant under the phrase "clothing"?

Mr. NORRIS. It is not under the phrase "clothing"; it is under the phrase "felts."

Senator WILLIAMS. But you used the phrase "clothing" a moment ago.

Mr. NORRIS. That is not the phrase that I used.

Senator WILLIAMS. Was felt all you meant when you used that phrase?

Mr. NORRIS. Wires.

Senator WILLIAMS. There are other items that go to make it up, other than what you call clothing?

Mr. NORRIS. Yes, sir.

Senator WILLIAMS. What are those?

Mr. NORRIS. I am not sufficiently technical to state.

Senator SMOOT. It is not felt clothing; it is wire clothing, is it not?

Mr. NORRIS. I do not know which of them is technically clothing. There are other terms used by paper makers, such as "slush pulp," which I had never heard of until I saw it in the tariff report.

Senator CLARK. Then you are about as well posted on that as I am.

Mr. NORRIS. Oh, a little better.

Senator WILLIAMS. I think we ought to inquire into the matter of "slush" and the cost of that.

Senator CLARK. What is the excess of cost of coal to the Canadian mill over that to the American mill?

Mr. NORRIS. Two dollars and thirteen cents, the average cost of Canadian coal, as against \$1.81 in the American mill.

Senator CLARK. For coal?

Mr. NORRIS. That is 32 cents a ton more for coal to Canadian mills.

Senator CLARK. What are you reading from now?

Mr. NORRIS. The last and final and complete unit report of the Tariff Board.

Senator SMOOT. Which you do not approve of?

Mr. NORRIS. Oh, there are some things in there which I approve highly of.

Senator SMOOT. Those that agree with you?

Mr. NORRIS. Surely.

Senator SMOOT. And those that do not agree with you you do not approve of?

Mr. NORRIS. Surely; it depends entirely on your point of view, naturally. This whole Tariff Board report leaves the subject in the air, because it does not answer the one question which was supposed to be controlling when the board was created, namely, to give in one concrete figure the cost of producing a ton of paper in a mill with modern equipment under normal conditions, and nowhere does it give it, but, on the contrary, it directly and in terms avoids it.

Senator CLARK. Now, returning to your figures of the Tariff Board, which you used as evidence of the accuracy of your statement in reply to my question, the table to which you referred gives the average cost per ton of news-print paper manufactured in Canada at \$16.89, as to materials.

Mr. NORRIS. That is the statement there—

Senator CLARK. And in the United States at \$22.74 for materials.

Mr. NORRIS. And I deny the accuracy of that statement, and I can prove it to you from this book—that either that figure is wrong or the statement of the cost of ground wood and sulphite pulp is wrong.

Senator CLARK. Would you consider it safe to ground your argument—either yours or any other person's or their conclusions—upon the report, as indicated in this specific table from which I quote; is the table sufficiently reliable? It is not sufficiently reliable, you say, for me to form an opinion on. Is it sufficiently reliable for you to quote from in support of your statement?

Mr. NORRIS. Which statement?

Senator CLARK. The statement that it costs more for these things in Canada than in the United States; for instance, the cost of coal.

Mr. NORRIS. I did not quote from this except as to some items.

Senator CLARK. Is it sufficiently accurate for you to quote from?

Mr. NORRIS. I referred to entirely different data when I referred to the cost of clothing being as much or more in Canada than in the United States.

Senator CLARK. I do not think there is any use of our bandying words. You have referred to this as showing me the difference in the cost of coal at the American mills and at the Canadian mills.

Mr. NORRIS. When you asked as to coal I gave it to you.

Senator CLARK. You gave that as authority on coal, but you will not accept it as authority on anything in which it differs from you.

Mr. NORRIS. I do not care what these figures are.

Senator CLARK. As to that part quoted which differs in the cost of coal, you are not fair in your quotations.

Mr. NORRIS. Oh, yes, I am.

Senator CLARK. If you repudiate some of the figures, you repudiate them all.

Mr. NORRIS. I am not here to father, or explain, or account for the work of the Tariff Board.

Senator CLARK. But you are explaining that coal costs more in Canada than it did in the United States, and you were using these figures to support your argument. Now, I am seeking for information entirely.

Mr. NORRIS. I will use another one—J. R. Booth's mill, Ottawa. According to the figures he showed me, he paid something like 75 cents more a ton for coal.

Senator CLARK. I think that is a more satisfactory answer than to answer with figures which you yourself disclaim the accuracy of.

Mr. NORRIS. I do not deny the accuracy of any figures in this tariff report that I can not convince you are wrong.

Senator CLARK. But wrong in one, wrong in all.

Mr. NORRIS. Not necessarily.

Senator KERN. As I understood the witness, that as to all matters of which he has personal knowledge he speaks of their inaccuracy.

Senator CLARK. He did not; he quoted from this as his authority.

Senator KERN. I know he did.

Mr. NORRIS. Will the Senator, for his own satisfaction, apply the rules of proportion to the table on page 39?

Senator CLARK. I am not contending for the accuracy of this report, because I do not know whether it is accurate or not.

Mr. NORRIS. But I can show you—

Senator CLARK. I accept it as the best authority that the committee now has before it.

Mr. NORRIS. I am willing to rest whatever claims I make upon the figures of that report—the final figures as to the cost of producing a ton of paper; I will rest it upon that report. It shows that there are more tons of paper made in the United States than all Canada produces, at a cost of \$1.70 a ton less, and with from 75 cents to \$1 transportation against it—a matter of \$2.70 in favor of the modern mills in the United States as against all of Canada.

Senator WILLIAMS. That is the production of those five mills.

Mr. NORRIS. The production of those five mills—215,000 against 203,000 tons in all Canada. You will understand, also, that the Tariff Board report covers only 38 news-print mills out of approximately 65.

Senator CLARK. That statement of yours does not indicate that they willfully declined to go into the other matters.

Mr. NORRIS. On the contrary, I think they were unable in the time to make the investigation. They certainly did not make it, but it is quite important in this aspect: If you will refer to page 55, you will see where they refer to the Group B where the mills are not fitted for competition, and that in addition to that 44 per cent there mentioned you should take 27 other mills, nearly all of them unfit for competition.

Senator CLARK. What page is that?

Mr. NORRIS. Page 55, in the first paragraph. It says:

A (56 per cent of all machines reported) shows practical equality with the efficiency of equipment in Canada, while group B (44 per cent of all machines reported) presents a condition which would force them, if obliged to meet

really extensive competition from Canada, greatly to curtail other expenses, or greatly increase investment for improvement of equipment, or shift to other kinds of paper.

Now, another phase of the application of this paper clause of the treaty I barely mentioned the other day, and I want to give the actual facts about it. I referred to the offerings which were made by the Provinces of Ontario for bids to be opened April 10, 1911, for the sale of two concessions for paper mills, one to be of 150-ton capacity and the other of 100 tons. There are 1,500 square miles in one area and, I think, something like 1,200 in the other. As a result of this paper clause, which would bar the diversion of the paper mills from the United States to Canada, the provincial authorities of Ontario were unable to obtain any biddings, because the prospective bidders figured that if they undertook to build a plant in Canada on Crown lands, or with Crown lands tributary to them, they would have against them, under this reciprocity treaty, a duty of \$5.75 per ton on print paper, whereas the mills which had private lands, or free wood without the restriction of exportation, could go into the American market free of duty. There would be an economic pressure, therefore, in favor of the free wood or free lands and a pressure upon the Provincial Government to remove this restriction in order that this Crown land might become marketable and reach those great and attractive markets available for the Provinces of Canada, the markets of the United States.

The American paper makers have bought timber rights for 12,000 square miles in the Province of Quebec. The International Paper Co. has over 2,600 square miles registered in one land office in Quebec; the Berlin Mills Co. has over 2,000; and the Union Bag & Paper Co. has over 2,000. The Berlin Mills Co. has already gone up there with a sulphate plant and a Kraft plant, and it obtained a concession from the Province of Quebec for the establishment of mills there. Under this treaty clause no mill could be diverted from the United States to Canada and live in Canada with Crown lands tributary to it while paying that duty of \$5.75 per ton on print paper, because it is only from the free lands, the private lands—the free wood—that the paper makers could ship into the United States and compete in this market. This clause stops the diversion of the paper industry of the United States into Canada, and it completely blocks the efforts of the provincial authorities to bring about that result. The only way that you can drive this paper industry into Canada is to kill this paper clause and let these paper plants go up there.

Senator CLARK. You think that is a most desirable thing?

Mr. NORRIS. The paper clause of the treaty?

Senator CLARK. No; to put our paper plants into Canada.

Mr. NORRIS. I think it is quite undesirable if we can get the wood from Canada without restriction, and this paper clause is intended to exert an economic pressure upon the provincial authorities so that they will relax their restrictions. You have tried the other method; you have tried force; you have tried retaliatory duties, and the effect has been that the customers paid last year \$196,000 in retaliatory duties, in penalties, because the manufacturers of paper up there were unable to obtain unrestricted wood and used Crown-land wood.

Now, by the application of this paper clause, all of the Dominion land and all of the private land are set up in competition against the provincial lands. Gradually they will work out a method by which the Provinces will save their faces and relax their restrictions so that their pulp wood can come into the United States free. The publishers have been very broad in this matter. We have been endeavoring to save the paper industry of the United States and to get a supply of free wood for it from Canada, but active vigorous opposition has come from the paper makers themselves—from the International Paper Co., which owns thousands of square miles of timber rights and fee land in Canada.

Senator HEYBURN. I would like to ask you a question there. Do you know to what extent the individuals controlling newspapers own land in Canada?

Mr. NORRIS. I have no knowledge of a single newspaper or publisher who owns an acre of land in Canada, except Senator Smoot, who is a member of your committee.

Senator HEYBURN. You say "newspaper publisher." I was including, or intending to include, the corporations owning or controlling those papers. Mr. Hearst is a large owner, is he not, in Canada, of timberlands?

Mr. NORRIS. Not to my knowledge. I have not the slightest idea; but I do not believe that he is, though I have no information on which to base that opinion. I am glad that you spoke about Mr. Hearst. Mr. Hearst's papers use substantially one-tenth of all the news-print paper made in the United States. He uses for his papers in San Francisco and Los Angeles 70 tons per day. He uses in New York, Boston, and Chicago approximately 330 tons a day. That is 100,000 tons per annum for news paper in three cities. He uses 120,000 tons, approximately, including the Pacific coast publications—I am speaking in round numbers. Mr. Hearst had a contract with the International Paper Co., beginning April 1, 1904, for a 10-years' supply at a price which averaged 1.88 cents a pound, or \$37.60 per ton, delivered in the pressroom. In that agreement there was an option reserved by the International Paper Co. that at the end of seven years it might cancel. It exercised that option, so that on April 1, 1911, Mr. Hearst's arrangement with the International Paper Co. ceased, and a new arrangement was made, and my opinion is—coming partly second hand from Mr. Burbank, president of the International Paper Co., and from other sources—that the price which Mr. Hearst must pay now for his paper approximates \$700,000 per annum of increase. The New York World contract will expire on the 31st of December. It will pay after that approximately half a million dollars a year more for its paper. All of the large consumers and all of the small consumers have been taxed by reason of this increase in the cost of news-print paper.

Senator HEYBURN. You do not know how much timber land he owns, either now or under future contract for future rights; you do not know anything about that, do you?

Mr. NORRIS. I do know that in my office they come continuously with stories about Mr. Hearst's purchases or Mr. Hearst planning to purchase pulp lands in Newfoundland, in Quebec, and in Labrador. I confide it to you that in three years I have been offered

enough pulp land in Quebec and Newfoundland and Labrador to equal three times the area of those three sections. Salesmen are coming in continuously offering inducements for the establishment of news-print-paper mills, and I have invariably advised newspaper publishers that the place to make paper was in the United States; that we could make paper cheaper here; that we had better labor; and that there was more efficiency; and that we could work out better in the United States than in Canada.

Senator WILLIAMS. Your theory is that the pulp would be made in Canada and the other sources of supply, while the paper would be made near tidewater.

Mr. NORRIS. That is right; yes, sir.

Senator WILLIAMS. In the United States?

Senator HEYBURN. But you do not know of his contracts for concessions for timberland either in the immediate present or in the event of certain contingencies or optional agreements?

Mr. NORRIS. I doubt the accuracy of any such statement—I do not mean your statement, but I mean of the statement made by any person as to Mr. Hearst's ownership.

Senator HEYBURN. You have heard those statements, have you not?

Mr. NORRIS. Oh, every man who has a lot of wild land comes to New York and says: "Mr. Hearst is looking over this site and has his cruisers examining it."

Senator STONE. You made a statement yesterday apparently in the form of a criticism of Senator Smoot. The Senator is not present at the moment, and he might want to make some reply to it. I want to see whether I understood you. I want to know whether you meant to say that Senator Smoot was the owner of pulp-wood land.

Mr. NORRIS. If I made any such statement I did not intend to make it. What I said was that Mr. Smoot was interested in a newspaper.

Senator STONE. Yes; you said that yesterday, and that he was interested in lands in Canada.

Mr. NORRIS. I do not recall the context in which I said that.

Senator STONE. I understood that it was pulp-wood land.

Mr. NORRIS. I do not know that Senator Smoot owns any pulp-wood land. He had said he owned land in Canada.

Senator STONE. I thought that, and I wanted to make it clear.

Mr. NORRIS. Now, there was a statement made the other day by Mr. Sullivan, representing the Nixon mills. Mr. Nixon has two mills. I telegraphed to Philadelphia. I think one of them was built in 1844 and one in 1865. They are hardly modern plants, that can be compared with the ordinary equipment.

Senator HEYBURN. You do not mean that those mills have not been able to keep up to date, with modern equipment? You do not mean the equipment of 1844 is still in use, do you?

Mr. NORRIS. I doubt if any book-paper mill can cheaply make paper in the suburbs of Philadelphia.

Senator HEYBURN. Well, that is an entirely different proposition.

Mr. NORRIS. By reason of its location. What was possible seventy-odd years ago is not possible to-day.

Senator HEYBURN. But you do not mean to be understood as saying that they are working with the equipment of 1844?

Mr. NORRIS. Oh, not all of them; no, sir; but it is an old plant, and you can not take an old plant and entirely rejuvenate it.

Senator CLARK. How about the New York Central Railroad?

Mr. NORRIS. Is that entirely rejuvenated?

Senator CLARK. Enough so that it is about the best on earth.

Mr. NORRIS. Oh, I am not here to discuss those matters. I think that is outside of the discussion.

Senator CLARK. I used it simply as an illustration of your remark that because a thing was very old it could not be equipped.

Mr. NORRIS. Judge Moore was sent by Mr. Luke to represent the West Virginia Pulp & Paper Co. It was nice to send Judge Moore. He is an amiable gentleman and has just been made editor of some new paper—a trade publication—but when inquiries are made about book paper and costs Judge Moore does not know about it.

Senator HEYBURN. He does not know, you say?

Mr. NORRIS. He told the committee he did not know. He did undertake to figure as to the cost of supplies, the discriminations, or the greater cost imposed in clothing and supplies for the American mills as compared with the Canadian mills. But the figures of the Tariff Board with respect to news-print paper mills will not bear that out; and the fact that the American book-print paper mills are shipping considerable quantities into Canada would show that no matter what the American paper makers set up with respect to the tariff costs, they are nevertheless more than able to undersell the Canadian mills.

Senator HEYBURN. That is, certain qualities and character of paper.

Mr. NORRIS. Print paper, paper costing less than 4 cents a pound, which is affected by this treaty, because the whole importations to Canada have been at the price of 3.84 per pound.

Senator SMOOT. That is an average?

Mr. NORRIS. Yes.

Senator SMOOT. There is a good deal of that paper that is above 5 cents a pound.

Mr. NORRIS. I think a great deal of it will go up to 6 and 7 cents, but that means that a great deal more of it must be under 3.80.

Senator HEYBURN. Do you think those mills in West Virginia are equipped with antiquated machinery?

Mr. NORRIS. No; I think that is a splendidly managed concern. The fact is, the West Virginia Pulp & Paper Co. names a price to-day, and in 24 hours the other mills quote the same price. The West Virginia Pulp & Paper Co. recently announced an increase of its capitalization to \$20,000,000. I suppose it is justified, only it shows the fine business that it has and the large market that it is obtaining and the good prices that it receives.

Senator HEYBURN. Would those markets be affected by free paper from Canada?

Mr. NORRIS. I think, on the contrary, the whole business would be stimulated, and that the West Virginia Pulp & Paper Co. is taking a narrow view of the whole proposition.

Mr. John Strange came here with some loose talk about the paper makers and the publishers. Mr. Chairman, may I get Volume IV of the Mann investigation? I think on page 2086 it will be found that John Strange appeared before that committee and said that he



was buying his sulphite abroad—not in the United States—his sulphite pulp for his mill. Upon reference I find it in Volume III.

Senator CLARK. Before you get through, I wish you would call attention to Mr. Strange's views as to the supply of material.

Mr. NORRIS. The supply of wood?

Senator CLARK. Yes. He made some statement in regard to that, and I would like to hear you on that proposition.

Mr. NORRIS. I will be delighted. Mr. Strange had been discussing railroading and other digressions in addressing the Mann committee with respect to the supply of pulp wood and paper. Then the following occurred:

The CHAIRMAN. You use sulphite in nearly everything, more or less, don't you?

Mr. STRANGE. Yes. Of course we buy a great deal of foreign pulp.

The CHAIRMAN. Why do you buy foreign sulphite?

Mr. STRANGE. Because it is far superior to the domestic.

The CHAIRMAN. It is not simply a matter of price, then?

Mr. STRANGE. It is a matter of price, but we get so much more for our paper that we can afford to pay the increased price for the foreign stock.

Senator SMOOT. Where does that come from?

Mr. NORRIS. Norway, Sweden, and Germany.

Senator SMOOT. Where does the best pulp come from; Sweden and Norway, doesn't it?

Mr. NORRIS. No; I think the finest comes from Germany, from the Waudhof Mills.

Senator SMOOT. He imports this because it makes a higher grade of paper; not only that he makes a wrapping paper in competition with Swedish paper?

Mr. NORRIS. I don't know what he makes.

Senator SMOOT. I do; I know he makes a wrapping paper and I know he requires sulphite pulp for the purpose of making the wrapping paper that comes in competition with the Swedish wrapping paper.

Mr. NORRIS. The Kraft paper?

Senator SMOOT. Not particularly the Kraft paper.

Mr. NORRIS. That would be made from sulphate—the Kraft paper.

Senator SMOOT. I do not say Kraft paper.

Mr. NORRIS (continuing reading):

The CHAIRMAN. It was suggested by Mr. Jones, of Maine, that the tariff on sulphite ought to be increased 100 per cent. What do you say as to that?

Mr. STRANGE. I guess I would have to demur.

The CHAIRMAN. Do you need that foreign sulphite for the manufacture of high-grade paper?

Mr. STRANGE. There are certain grades of paper that we are making now that would be quite difficult for us perhaps to make with any domestic that I know of.

The CHAIRMAN. That is, the foreign sulphite is a little cleaner?

Mr. STRANGE. It is better and stronger, very much stronger. We sell it under a test as to strength and cleanliness that we can not get with any domestic that I have been able to reach.

The CHAIRMAN. It is made from the same material, is it not?

Mr. STRANGE. Yes.

The CHAIRMAN. Spruce wood?

Mr. STRANGE. Spruce or pine.

The CHAIRMAN. Why should it be stronger?

Mr. STRANGE. Because they are experts in chemistry, and we know nothing of chemistry.

Senator STONE. Did I understand you to read there that he said he was in favor of free pulp from Canada?

Mr. NORRIS. Free pulp and ground wood, as I gather it.

Senator SMOOT. He did not say "favor"; he said he would not object.

Senator WILLIAMS. I think he said if you could make a deal of that sort to make it. In other words, he was willing to violate logic.

Mr. NORRIS. Now, with regard to a matter of which Senator Clark spoke, I furnished to the Senate Finance Committee a statement covering that very point of the supply of spruce wood, or of the wood available for print-paper manufacture.

Senator CLARK. During this hearing?

Mr. NORRIS. Oh, I did not use it during this hearing. Mr. Strange has always maintained, and there are a number of gentlemen who have not a very clear apprehension upon the subject who also have maintained, that news-print paper can be made in every State of the Union. That was the claim that was made upon the floor of the Senate by the gentleman who had charge of the tariff bill. Now, the fact of the matter is that there are only 6 or 7 States—possibly 9 or 10, including the Pacific coast—in which news-print paper is made. Obviously the reason why it is made only in those States and shipped thousands of miles is because it can not be produced commercially elsewhere or nearer to the place of consumption. The spruce belts are in New England and New York. Most of Michigan has been cut out, and there is some spruce in Minnesota, northern Minnesota, and some in West Virginia, and I think along the range of mountains running possibly into North Carolina—a pocket of spruce. I have gathered that the southern spruce was rather soft and punky, and not so good for news-paper purposes; that is, for the mechanical pulp, while very good for the chemical pulp.

Mr. Strange has gone off into wild figures about wood in Idaho. It might as well be in the moon for purposes of consumption on the Atlantic seaboard where most of the news-print paper is used. And he talks of wood to be found in all parts of the South which can be used for news-print paper.

Senator WILLIAMS. Can any other pine be used except spruce? I ask merely for information.

Mr. NORRIS. Not now; they may do it some day. There are experimental mills and there is a premium of millions of dollars upon any process that will make available those woods for the purpose of news-print-paper manufacture. The Government has established an experimental station in order to help relieve this situation and to protect us from the menace of the Canadian restrictions.

Senator HEYBURN. Well, you say that they might as well be in the moon as in Idaho.

Mr. NORRIS. Oh, excuse me, Senator.

Senator HEYBURN. I am not speaking for the State of Idaho.

Mr. NORRIS. I did not intend to hurt your State pride.

Senator HEYBURN. It is not a question of State pride. I wanted to inquire as to distances. Is it farther from Idaho to the Lake Superior country or Lake Michigan country than from eastern Canada?

Mr. NORRIS. I do not know.

Senator HEYBURN. You have made the statement that it might as well be in the moon; I do not know upon what you based that statement.

Mr. NORRIS. Senator, I am very sorry that I made that statement. I should have located that wood in some other State.

Senator HEYBURN. I think you should, if you are going to compare distances.

Mr. NORRIS. At the last annual meeting of the American Paper and Pulp Association, held in New York February 16, 1911, the paper manufacturers had before them Mr. Harry Stanley Bristol, of the Forest Products Laboratory. He is the gentleman who, I understand, is supervising that work. He said:

Fully 90 per cent of the wood used in this country for the manufacture of ground wood is spruce, one-third of which is imported from Canada. These imports have been gradually increasing for a number of years, and the rate of the imported spruce consumed to domestic spruce has also been on the increase.

Senator CLARK. I heard that. Now, if you are coming to the specific information, I would like to know the amount we now have in the United States. Mr. Strange spoke quite at length of the amount of spruce we still have. I want to get your views.

Mr. NORRIS. The only information I have is that which was furnished by Mr. Pinchot to the committee, and which I have put into my brief and submitted to this committee.

Senator CLARK. That would not be at all conclusive to me, because I have known Mr. Pinchot to mark forest reserves in stakes that he has had to go 12 miles to get.

Mr. NORRIS (reading from Mr. Bristol's statement).

The meaning of this does not have to be explained to those familiar with the pulp and paper industry, and none understand more clearly than the manufacturers of news paper what the ultimate end will be if this state of affairs continues. Under present commercial conditions the news-print industry is absolutely dependent upon ground wood. Ground wood means spruce and water power, and Canada has the advantage of us in both.

The final result of continuing under present conditions is plain and has been pointed out again and again, namely, our ground-wood industry will be transferred across the border line.

Gentlemen, I want to thank you for your indulgence and patience.

Senator SIMMONS. Mr. Norris, before you retire, I remember Mr. Strange's statement to the committee during the regular session about this matter. My recollection is that he stated then very emphatically that nearly all kinds of pine grown in the South could be used in making print paper. I understood him to mean economically used for that purpose. I think I asked him if he was quite sure about that.

Senator WILLIAMS. Who was that?

Senator SIMMONS. Mr. Strange—Gov. Strange, I think.

Mr. NORRIS. Lieut. Gov. Strange.

Senator SIMMONS. And he said he was quite certain. I understand you are saying that he was wholly mistaken about that, and that the only kind of pine grown in this country that can be economically converted into news-print paper is spruce pine. Is that what you say?

Mr. NORRIS. Spruce, with a very slight admixture of balsam, I think. They used to put in about 10 per cent of balsam that was

cut in the woods at the same time. But spruce is the material that makes the ground wood which we use. I think there is some kind of a pine grown in Norway or Sweden which does make a pulp.

Senator SMOOT. And Germany?

Mr. NORRIS. And Germany. But no one of them is sending or has sent any pulp here except during a recent famine, when, because of drought or some other conditions, the market was starved and premiums were paid for even Norwegian pulp; but I understand it does not compare in printing quality with the American or the Canadian pulp, and that is the explanation of the higher price which the Canadian and American paper can obtain in the London markets.

Senator WILLIAMS. Regardless of what can be done in the future, isn't it true that the wood that is to-day used is 90 per cent spruce and 10 per cent balsam?

Mr. NORRIS. Ninety per cent spruce; I don't know about the balsam.

My authority is this, The Report on Pulp Wood Consumption, Forest Products, No. 1, for the year 1909, which undertakes to give the quantities consumed by States, showing the spruce, hemlock, and poplar, the quantities used for the various processes—the mechanical pulp, the sulphite, and the soda pulp.

Senator SMOOT. Does that give the percentage of spruce, hemlock, and poplar?

Mr. NORRIS. It gives the quantities of spruce and hemlock and poplar consumed to pine, balsam, white fir, beech, slabs, and mill waste, by States.

Senator SMOOT. We can figure the percentage if you have the quantities.

Mr. NORRIS. And also each kind of wood by the various processes. Now, I am referring, of course, to the mechanical pulp.

Senator WILLIAMS. That is the consumption of lumber for all purposes?

Mr. NORRIS. Pulp-wood purposes.

Senator SMOOT. You want the committee to understand, then, that 90 per cent of the spruce applies only to the mechanical pulp?

Mr. NORRIS. Oh, yes; because a very considerable part of sulphite—but I had better give you the figures on the mechanical. There are 1,246,000 cords of wood used for mechanical pulp, of which 806,000 are spruce domestic and 317,000 spruce imported, which would be a total of 1,123,000 cords of spruce out of 1,246,000. That is on page 10 of the Pulp Wood Consumption Report for 1909—1,123,000 cords of spruce out of a total of 1,246,000 cords of all kinds of wood used in the mechanical processes.

Senator SMOOT. Have you the sulphite?

Mr. NORRIS. The sulphite—there was a total used of 2,183,000 cords, of which 844,000 was domestic spruce, and 451,000 was imported spruce, which would make a total of 1,295,000 out of 2,183,000 total. Two million one hundred and eighty-three thousand cords of pulp wood used to make sulphite pulp, of which 1,295,000 cords of spruce wood were used.

Senator SMOOT. What I want is the percentage of wood.

Mr. NORRIS. That would be about 60 per cent of the sulphite pulp made from spruce and more than 90 per cent of the mechanical pulp made from spruce.

Senator CLARK. How much mechanical pulp?

Mr. NORRIS. These are the cords. Substantially, as I gather, there is a ton of mechanical pulp to a cord—

Senator CLARK. Is there more or less sulphite than mechanical pulp used?

Mr. NORRIS. In news-print paper 80 per cent of the paper is mechanical pulp and 20 per cent of it is sulphite pulp.

Senator CLARK. That is what I was trying to get straight in my mind.

Senator SMOOT. There is more of sulphite used for all sorts of paper making than there is of mechanical pulp?

Mr. NORRIS. There are more cords used, but less tonnage of pulp.

Senator SMOOT. That is what I said. We were talking about wood, and therefore I say there is nearly twice the amount of wood used.

Mr. NORRIS. Not twice.

Senator SMOOT. Very close to it.

Senator WILLIAMS. Then it does not enter into the making of print paper, does it?

Mr. NORRIS. To an extent—one-fifth of the material in the news-print paper.

Senator WILLIAMS. As far as the news paper is concerned it is 80 per cent mechanical and 20 per cent sulphite. In the other papers—wrapping paper and various other sorts—the percentage of the sulphite is larger? Is there any paper made altogether out of sulphite?

Mr. NORRIS. Oh, yes; these book papers are sold upon the representation that there is no ground wood in them. I think the West Virginia Pulp & Paper Co. makes the representation. I doubt if it could grind the wood into mechanical pulp in West Virginia.

Senator WILLIAMS. What do you mean by having no ground wood in them?

Mr. NORRIS. Altogether chemical pulp; it might be sulphite; it might be a mixture with soda pulp.

Senator WILLIAMS. Is that a fine paper?

Mr. NORRIS. It is a higher grade than the news-print paper.

Senator WILLIAMS. Is that like this light India paper that they make these very light books out of?

Mr. NORRIS. I am not sufficiently informed on that quality of papers. Let me qualify my statement that I made that it was 80 per cent and 20 per cent—

The CHAIRMAN. The hour of 12 o'clock has almost arrived, and I suppose the committee will have to adjourn.

Mr. NORRIS. I am through, Mr. Chairman.

Senator STONE. I would like to ask a question or two.

The CHAIRMAN. It is due to Mr. Hastings to say that when arrangements were made for him to appear here the committee was not informed. Owing to conditions in the Senate, the committee will have to stand adjourned until 10 o'clock to-morrow morning. That is the best I can do.

Mr. HASTINGS. May I ask the committee if they will hear for a few moments Mr. Aldrich, of Beloit, Wis., who is a manufacturer of paper-mill machinery? I am sure it will not take more than five minutes, and it is very important, as he is the only machinery man here, and the effect of this agreement on his business is important as

relates to the manufacturer of paper-mill machinery and is closely related to paper production. He must go away this evening and will be glad to be heard now.

The CHAIRMAN. If he will occupy only five minutes, I suppose some of the committee will remain to hear him.

**STATEMENT OF ALONZO ALDRICH, OF BELOIT, WIS.**

The CHAIRMAN. What is your business?

Mr. ALDRICH. Paper machines.

The CHAIRMAN. Now, will you, in a very few words, make your statement, and you will be permitted to file any additional statement that you desire.

Mr. ALDRICH. In the first place, we build paper machinery, and of course our entire business depends upon paper mills—both these that are now in use and new ones—and this bill, if passed in its present shape, will affect it quite seriously from the fact that we depend upon the mills entirely for our business, and of course if their business is not successful ours will not be. That is not an opinion of my own personally or a theory. The possibility of the passage of this bill has affected it already, and I have come here, fully a thousand miles, to express my hope that, as far as the paper schedule is concerned, it will be amended.

Senator STONE. Where are your mills?

Mr. ALDRICH. We build paper machinery for the mills.

Senator STONE. I say, where are they located?

Mr. ALDRICH. Most of the mills are in Wisconsin; some are in Minnesota. Do you mean the shops?

Senator STONE. The shops where you make this machinery?

Senator WILLIAMS. Your own shops?

Mr. ALDRICH. In Beloit, Wis., 90 miles from Chicago. I came away hurriedly or I would have brought more correspondence in order to show the committee what effect it already has had. I hurriedly got two letters that I could remember from prospective customers, and if you will permit me I will read that part of them that refers to the machinery. Would you care to have me give the names of the parties who wrote the letters?

Senator WILLIAMS. Yes; do not read a letter without giving the name.

The CHAIRMAN. It will give it more weight if you tell us the name of your correspondent.

Mr. ALDRICH. This letter is from the Tomahawk Pulp & Paper Mill Co., of Tomahawk, Wis. A part of it is as follows:

If we put in a machine up there this year we will not break ground until after the 1st of July or possibly later. Of course, like others, I want to wait and see what the future has in store for us in the way of reciprocity.

Another letter is from a gentleman in Carthage, N. Y.

Senator WILLIAMS. What is his name?

Mr. ALDRICH. His name is Frank P. Wilder. The letter is dated February 21, 1911. In explanation, I will say that this gentleman who had corresponded with us, finally said he was ready to do business, and I made the trip from Wisconsin to New York to see him,

and found after I arrived that he was not ready, and after I returned home he wrote this letter—after I asked him how his plans were progressing, and this was his reply:

Your favor of the 17th received and contents carefully noted. This matter of the machine has been somewhat delayed of late on account principally of the much-agitated question of reciprocity. It has seemed best under the circumstances to await developments before going ahead with this matter.

We have not heard from him since. We had other verbal statements to that effect from several other customers, who state to me that they will do nothing until this bill passes.

As far as our business is concerned, this bill would not kill it entirely, but seriously affect it, and I hope it will be amended to allow sufficient duty to protect the manufacturers of paper.

I will state further that I have had personal conversations with a number of paper-mill men, as business friends who had no idea at all that I would appear before this committee—and they stated to me, as simply a business proposition, that they had figured it up very carefully, and there was a difference of from \$4 to \$6 a ton as between Canadian paper and American news paper.

Senator WILLIAMS. Do you make any other machinery except machinery that goes to these paper mills?

Mr. ALDRICH. That is all.

The CHAIRMAN. The committee will now adjourn until 10 o'clock to-morrow morning.

(Accordingly, at 12 o'clock and 10 minutes p. m., the committee adjourned until to-morrow, Thursday, May 25, 1911, at 10 o'clock a. m.)

THURSDAY, MAY 25, 1911.

UNITED STATES SENATE,  
COMMITTEE ON FINANCE,  
WASHINGTON, D. C.

The committee met at 10 o'clock a. m., Hon. Boies Penrose in the chair.

Present: Senators Penrose (chairman), Cullom, Lodge, McCumber, Smoot, Gallinger, Clark, Heyburn, and Stone.

The committee thereupon proceeded to the consideration of H. R. 4412, an act to promote reciprocal trade relations with the Dominion of Canada, and for other purposes.

The CHAIRMAN. The committee will be in order. Mr. Hastings, we might as well go on with your party.

Mr. HASTINGS. Thank you, Mr. Chairman. Mr. Hobbie, of Greenwich, N. Y.

STATEMENT OF MR. WILLIAM R. HOBBIE, OF GREENWICH, N. Y.

The CHAIRMAN. Will you state your full name to the committee?

Mr. HOBBIE. William Roscoe Hobbie.

The CHAIRMAN. Where do you reside?

Mr. HOBBIE. Greenwich, N. Y.

The CHAIRMAN. What is your business?

Mr. HOBBIE. Manufacturer of toilet paper.

The CHAIRMAN. Will you go on and explain to the committee your objections to this bill?

Mr. HOBBIE. I will not take but a moment of your time, gentlemen, because the thing all hinges upon a single condition. Our paper is the wood toilet-paper industry of America. It is made entirely from sulphite and ground wood. Canada is the ultimate source for those materials, and any discrimination in the difference between the cost of materials where Canada has the advantage of \$5 a ton must inevitably result, if this treaty goes into effect, in transferring our business to Canada. That, in brief, is my statement.

The CHAIRMAN. Have you anything further to add?

Mr. HOBBIE. There is another feature. The Canadian tariff on our American papers selling at 4 cents a pound or under is not eliminated under this bill, but compels us as before to pay a duty of 25 per cent. Even after Canada takes our market, if we try to send some paper to Canada, in addition to losing our own market we have to pay 25 per cent more to get into Canada; so we are in a dilemma; we are helpless, and it is virtually a confiscation of our interests.

Senator HEYBURN. Are you in favor of removing the tariff on paper, generally?



Mr. Hobbie. I think under present conditions we are all much better off to remain as we are, because——

Senator Heyburn. That is, with the present duty?

Mr. Hobbie. Yes, sir; with the present duty.

Senator Heyburn. You think there is nothing gained by trading free paper with Canada?

Mr. Hobbie. Nothing is gained; because we to-day, by internal competition, are selling paper at less than the duty, but with free paper coming in from Canada they could drive every American manufacturer of wood toilet paper out of business.

Senator Heyburn. Then you are not in favor of removing the duty on paper from Canada?

Mr. Hobbie. No, sir.

The Chairman. The next gentleman, Mr. Hastings.

Mr. Hastings. Mr. Gamble, of Brownville, N. Y.

#### STATEMENT OF MR. J. MUNSON GAMBLE, OF BROWNVILLE, N. Y.

The Chairman. Will you state your full name to the committee?

Mr. Gamble. J. Munson Gamble.

The Chairman. Do you reside at Brownville?

Mr. Gamble. My residence is Watertown, N. Y.

The Chairman. Where is your business?

Mr. Gamble. Brownville, N. Y.

The Chairman. What is it?

Mr. Gamble. Manufacturing manila board—tag board.

The Chairman. Will you go on and state your views to the committee?

Mr. Gamble. We feel that if the duty on paper is removed it can have no other result than to ruin our business. We manufacture our product from the same material that news-print paper is made from—ground wood and sulphite—and if the present duty is taken off it must spoil our business. It has been suggested that there was no reason for the advance in price of news-print paper, which is the one that has been under discussion, but I think that the same conditions that apply to our paper apply to that, and I would like to give some figures, which I took from our cost book, showing what the advance in costs has been in the last five years. In 1903 the wood for manufacture of ground-wood pulp cost us \$8.70 per ton. In 1910, seven years later, that same wood cost us \$12.69 per ton, or about \$4 a ton more.

In 1902, the year our mill began operations, our average daily wage was \$1.78. At the present time our average daily wage is \$2.34, an increase on the average of 56 cents per day that we are paying in wages. I think that those figures give sufficient reason for the additional price in the cost of all papers made from wood pulp.

Senator Clark. Does that increase in the wage scale apply to all classes of your employees?

Mr. Gamble. Yes, sir.

Senator Clark. Skilled and unskilled alike?

Mr. Gamble. Yes, sir.

Senator Smoot. Does your mill run on the eight-hour system?

Mr. GAMBLE. No; on the two-tour system; 10 hours a day for day laborers. There is another point that I would like to bring out. I am not sure that it applies to news-print paper, but I think it does. That is the position that the buyer of paper seems to take.

Senator HEYBURN. I think you had better put into the record what you mean by the two-tour system. All who read it may not understand what you mean by that.

Mr. GAMBLE. A paper mill is operated 24 hours a day. Some mills operate under the two-tour system, which means two shifts of men, one for the day and one for the night. Other mills operate under the three-tour system, which means an eight-hour day.

Senator HEYBURN. In other lines of business that is spoken of as the 8-hour shift, the 10-hour shift, and the 12-hour shift?

Mr. GAMBLE. We have virtually a 12-hour shift.

Senator STONE. What is the rule in this country?

Mr. GAMBLE. I do not think that you can say that there is a rule. On the larger fast-running news machines I think the majority are on the two-tour. On the slower machines—for instance, our stock is necessarily run slow—I think the rule is the three-tour.

Senator STONE. Three?

Mr. GAMBLE. Of course, with the swift-running machines—

Senator STONE. Let us see if we have it right. You say that with the slow, heavy-running machines—

Mr. GAMBLE. I mean two-tour with the slow-running machines; with the fast-running machines three-tour, because work on those machines is more straining, nervous, requires more watchfulness—

Senator STONE. I understand.

Mr. GAMBLE. And closer attention.

Mr. HASTINGS. Mr. Ball, Mr. Chairman, Carthage, N. Y.

# STATEMENT OF MR. W. O. BALL, OF CARTHAGE, N. Y.

The CHAIRMAN. State your full name.

Mr. BALL. W. O. Ball.

The CHAIRMAN. What is your occupation?

Mr. BALL. Manufacturer of tissue paper.

The CHAIRMAN. Will you make your statement to the committee?

Mr. BALL. As a representative of the manufacturers of tissue paper—that is, of the cheaper grades, made from ground wood—we feel that if the duty is taken off from the paper coming into the United States from Canada our business will be very greatly injured. In fact, we think that in time it would be entirely eliminated, and the investment we have in our properties would be entirely lost. Now, I have been buying pulp wood from Canada a great many years and I am sure that the difference in cost of wood between Canada and the United States has increased \$4 per cord, which means in the neighborhood of \$6 per ton of paper. It is impossible—I think any fair-minded man will admit that it is impossible to compete with any company that has such cheaper raw material. They have cheaper raw material in Canada and we can not compete against them without a protective duty, and it is simply a question whether the gentlemen of the Senate think it is worth while preserving this industry

in the United States or taking off the duty and letting it go to Canada.

Senator HEYBURN. Can you give us any idea, approximate or otherwise, of what the capital represented by the industry of tissue paper in the United States is?

Mr. BALL. Yes; I would say about \$6,000,000 or \$7,000,000.

Senator HEYBURN. Have you an estimate of the number of people employed in the industry?

Mr. BALL. I have not.

Senator STONE. What kind of pulp is that paper made of?

Mr. BALL. The same kind that other grades of news paper are made from—ground wood and sulphite. Of course it takes a larger per cent of sulphite on account of the lightness of the sheet.

Senator CLARK. Sulphite gives it strength?

Mr. BALL. Yes, sir. The price is about the same and the material is the same.

Senator STONE. Where is your mill?

Mr. BALL. Carthage, N. Y.

Senator STONE. What is its capacity?

Mr. BALL. We make about 15 tons a day.

Senator STONE. How much does it cost per ton?

Mr. BALL. How much does it cost per ton? At the present time it costs all we are getting—about  $3\frac{1}{2}$  cents a pound; about \$70 a ton, I would say.

Senator STONE. \$70 a ton? How many mills are there in the United States making tissue paper?

Mr. BALL. I do not know the number. There are quite a large number of mills. You must understand that a machine making tissue paper makes a very small quantity. It does not make to exceed 3 tons a day, on account of the very light weight of paper, and you can not run the machines as rapidly.

Senator STONE. I thought you were making tissue paper?

Mr. BALL. I am.

Senator STONE. And any other kinds?

Mr. BALL. No.

Senator STONE. You say a machine makes about 3 or  $3\frac{1}{2}$  tons a day?

Mr. BALL. Yes.

Senator STONE. You are running about five machines?

Mr. BALL. Four.

Senator STONE. What is the total output of all the tissue-paper machines in the country?

Mr. BALL. I think something over 300 tons a day—about 250 tons of wood tissue. Of course there are various grades of tissue—wood tissue and tissue made from hard stock, fine tissue—but I am speaking of tissue paper made from ground wood and sulphite, and there are about 250 tons per day made of that kind of paper.

Senator STONE. Taking  $3\frac{1}{2}$  tons per machine on an average, that would take about 60 machines engaged on that work, approximately.

Mr. BALL. Approximately, yes.

Senator STONE. What, if you know, is the highest output of a thoroughly up-to-date modern machine?

Mr. BALL. I do not think it exceeds  $3\frac{1}{2}$  tons. I do not know of any mill—any machine making tissue paper that weighs 10 pounds to the ream making more than  $3\frac{1}{2}$  tons.

Senator STONE. That is the best-made machine now running?

Mr. BALL. At the present stage of the art.

Senator STONE. Is this \$3.50 cost per ton—I mean per hundred-weight—is that an average of the production of these 60 machines?

Mr. BALL. I am not able to say about that. You must understand tissue paper is not news paper. All news paper is of approximately the same weight, approximately the same grade of paper. Tissue paper varies in weight, quality, color, in various ways—there is a great multiplication of the different grades of tissue paper.

Senator STONE. Is any of this paper being made in Canada?

Mr. BALL. Yes, sir.

Senator STONE. Do you know the output of the Canadian mills?

Mr. BALL. No, sir; but I do know the mills in Canada now are anticipating availing themselves of the American market in case this treaty goes into effect.

Senator STONE. You mean somebody is talking about it?

Mr. BALL. That is what I mean, exactly.

Senator SMOOT. What is the lowest priced tissue paper used?

Mr. BALL. About 3 cents.

Senator SMOOT. What is the highest priced?

Mr. BALL. About 4 cents at the present time.

Senator SMOOT. What percentage of your mill production would come in under the 4 cents?

Mr. BALL. At the present time every pound of it. Every pound would be under 4 cents a pound at the valuation of the mill in Canada, the shipping point, so that they could compete with us on every pound of paper we make.

Senator STONE. Do you know how much it costs per hundred or per ton to make tissue paper in Canada as compared with the United States?

Mr. BALL. Yes, sir; based on the difference in cost of wood, it would be about \$6.

Senator STONE. The difference, then, consists in the higher price of wood?

Mr. BALL. Absolutely.

Senator STONE. The other items, taken all together and added up, are practically negligible?

Mr. BALL. I assume there is not very much difference. I believe that the chief difference in the cost is almost entirely in the difference in the value of the raw material.

Senator STONE. If you got your raw material cheaper—

Mr. BALL (interposing). What is that?

Senator STONE. Suppose you got your raw material cheaper and got it substantially at the same price that the Canadian manufacturer gets his, would you be able under existing conditions to compete?

Mr. BALL. We can not get it.

Senator STONE. I say if you did.

Mr. BALL. Oh, if we got the raw material at the same price, but that is not possible, because if we get the wood from Canada we have to pay more than the man who has the wood there at his door.

Senator STONE. You mean the difference in the transportation charges?

Mr. BALL. Yes.

Senator STONE. And does he not have to pay freight?

Mr. BALL. He does have to pay freight on the paper, but not on his wood; but his freights to the markets of this country are practically the same either to Boston or Chicago or New York as they are from our shipping points. I think it has been shown here—

Senator STONE. You mean to say that the cost of a ton of news paper, for instance—I assume that the same rule would apply—

Mr. BALL. It does; he gets the same rate.

Senator STONE. Do you mean to say it would cost as much to ship a ton of news paper, for instance, from the Canadian mills to New York City or Boston as it does from the mills of Maine or New York, to those markets?

Mr. BALL. Yes, sir; I mean to say that the present freight rates from the mills making news paper in Canada to-day to Chicago or other western points is identical with the freights on the same class of paper made in Maine—that the freight from those mills to New York City is a trifle more, and also, I think, it is a trifle more to Boston, but not materially greater.

Senator STONE. About 75 cents to \$1 a ton more, is it not?

Mr. BALL. I understand that the average is something like 75 cents—I think it was so stated. It is less than that now.

Senator STONE. That is all.

Mr. ARTHUR C. HASTINGS. I now have pleasure in introducing Mr. C. I. McNair, of Cloquet, Minn.

#### STATEMENT OF MR. C. I. McNAIR, OF CLOQUET, MINN.

The CHAIRMAN. What is your business?

Mr. McNAIR. I am a paper manufacturer.

The CHAIRMAN. What kind of paper do you manufacture?

Mr. McNAIR. News-print paper. Mr. Chairman, my time has been more devoted to the practical side of the manufacture of paper, and perhaps it is as well to discuss some of the differences and comparisons that I have run across in my own experience in different costs of manufacture, which may be of some assistance to the committee.

Yesterday I noticed some confusion in how paper is made, and, if I may, I think I can explain rather simply to the committee the way some of the misconceptions in the manufacture of paper arise.

While the actual process is extremely intricate, if you will imagine that you have taken a piece of wood, held it against a grindstone with great force, putting a little water on the grindstone, you catch the filings from that wood, and that is ground-wood pulp. We take other wood and put it in what we call a digester, or put it in a boiler rather. Now, wood can be boiled and reduced to pulp matter as easily as parsnips can be boiled and reduced. We put in chemicals with the wood. The resulting material after boiling—I am talking about sulphite now—is a chemical pulp or sulphite pulp. We take these two pulps, mix them together in news-print paper, approximately in the proportion of 80 per cent ground-wood pulp, which you can readily see has a short fiber, and 20 per cent of this chemical pulp, which has a long, stronger fiber, and looks a good deal like the fiber in a Japanese napkin. We mix these two pulps together. There are certain materials, such as clay and sizing, which are of

minor importance, and coloring material—we mix the two pulps together in water, say from 90 to 95 per cent water.

Now, imagine that you have a very fine wire sieve with a box around the four corners like a flour sieve or an ash sieve. Then you put in the bottom of that sieve or box a very fine mesh of wire. If you should hold up any ordinary sheet of paper you can always see the very fine wire mark on that sheet. Imagine you have poured this liquid, with the very small quantity of fibers, on that sieve. If you should shake that sieve in this way [indicating], the water will pass through the sieve and the film of fiber will remain on the wire. That is a hand-made sheet of paper; that is the old-style way of making paper. We differ only from that process, in all the evolutions of the paper business, by running that wire sieve very rapidly. In the first place we have the wire sieve, or what we know as a "Fourdrinier wire," as an endless wire belt. It is run very rapidly and in the process there is a side shake which distributes those fibers and thereby molds the sheet of paper.

The paper is then carried between squeeze rolls—we call them in the trade "presses." To make it clear, they are nothing but wringers. The filmy sheet usually is passed through three of these squeeze rolls. This paper in the wet condition must be conducted by some substance, and there we use the term "machine clothing," which is long woolen felts. And, by the way, the duty on felts to the American manufacturer is somewhere near 100 per cent—I am not able to give you the exact figures—and to the Canadian manufacturer about 45 per cent. The duty on these wires is probably two or three times as much—I think I have it exactly—is 45 per cent in this country. The Canadian manufacturer pays  $17\frac{1}{2}$  per cent for wires made in Great Britain,  $22\frac{1}{2}$  for wires made in France, and all other countries 25 per cent.

Senator CLARK. Does the manufacturer of paper purchase these as supplies or as a part of the original machine?

Mr. McNAIR. Supplies. The felts and wires are subject to wear and tear and constant renewal.

Senator McCUMBER. What you gave were the tariff charges?

Mr. McNAIR. Yes; just incidental to my statement.

Senator McCUMBER. What is the comparative cost in that country?

Mr. McNAIR. I would assume the cost would follow largely these charges. I think entering into a discussion of that would require the cost of making wires in this country and other countries.

Senator McCUMBER. Do you know?

Mr. McNAIR. I have been offered wires at foreign points at less than we are paying in this country.

Senator McCUMBER. I am not comparing with this country, but desire to know whether or not it costs the Canadians less for it than it does the Americans.

Mr. McNAIR. I can not answer that question, as I have never bought any there.

Senator McCUMBER. It means you have higher tariff in this country, and yet the cost to the consumer is the same in Canada as it is here?

Mr. McNAIR. We have found that occasionally to be the case.

Senator CLARK. Are these supplies manufactured in this country?

Mr. McNAIR. Yes.

Now, the paper as it comes from this process is still in a damp condition, and then it passes around numerous drying cylinders. As the paper is dried it is in a very rough condition, and passes through what we call calender rolls, which are very much the same character of rolls as those used in a steam laundry, only there are a great many more of them. When the paper comes out it is smooth and ready for the printing presses. And, in passing, I might remark there is only one advantage we have over the newspaper—we turn out a clean sheet.

I have tried to explain the process to you in a simple manner; yet, at the same time, you can readily see that in a process so intricate the necessity of keeping up a paper machine or a paper mill entails a good deal of expense.

Now, in the manufacture of ground-wood pulp experiences differ. One man and one mill, with different woods, will perhaps have slightly different experiences, but ordinarily it is one grade of rough wood; and that is a point which I do not think was quite brought out yesterday. One cord of rough wood will make, approximately, 1,600 pounds of air-dry weight of ground-wood pulp.

Senator CLARK. That loses 25 per cent?

Mr. McNAIR. In the barking of the wood, in the loss by grinding, and so forth; and, by the way, the barking of the wood is not as serious a matter as heretofore, owing to the improved machines. We are constantly improving the character of our machines and the appliances used in the manufacture of paper.

Of sulphite pulp, practically 2 cords of wood are required, in round figures, for 1 ton of paper. Now, if you will get this proportion in your minds, 80 per cent of a ton is 1,600 pounds. I said 1 cord of wood makes 1,600 pounds of ground wood. Consequently, 1 cord of wood in ground wood goes into paper. The statement, I think, inadvertently was made yesterday that a cord of wood made a ton of paper. A cord of wood makes a ton of ground wood, practically. As I said, 2 cords of wood make 1 ton of sulphite. Using 20 per cent sulphite would be 400 pounds of sulphite in that ton, making 80 per cent of ground wood and 20 per cent of sulphite. In other words, there is an average of from 1.4 to 1.5 cords of wood in the 1 ton of paper.

Now, you have this matter down to a final analysis, the simplest way, from a practical standpoint, to put this matter before you. If the difference between Canadian wood and American wood were, say, \$4 at the mills as they run, using a cord and a half would make exactly \$6 difference in the cost of manufacturing paper; using 1.4 cords, it would be \$5.60. There is in the cost of material a varying figure, as I work out the problem, using \$4 as the difference in the wood, of somewhere in the vicinity of \$5.60 and \$6 per ton of paper.

Yesterday a matter was referred to in regard to what figure paper ought to be made for. It is very easy, indeed, to sit down, for anyone that is at all fond of figures, and figure out on paper the model mill; but there is quite a difference between the ideal and the real and between the theoretical and the practical.

Senator SMOOT. Paper making is the same as every other kind of manufacture in this regard?

Mr. McNAIR. Exactly the same as every other kind of manufacture. We are, perhaps more than most manufacturers, dependent

upon the rainfall. I know of no part of the world where the rainfall is exactly 30 inches every year. If we could be assured of a water power—you see, it takes practically 100 horsepower to manufacture a ton of paper; I am very close to the accurate figures in that—I say, if a mill could be assured, if there were enough water powers that were available for the manufacture of paper, then the ideal would certainly be real and the theoretical would be practical. In my own experience, at our location we ordinarily have 30 inches of rainfall. Last year we had 17 inches.

Senator CLARK. You supplement your water power by other power?

Mr. McNAIR. It is not practical. We do not make ground-wood pulp with steam. As a little illustration of that, we do not charge, in the manufacture of paper ordinarily, anything to the value of the water power. For instance, if a man paid \$6 only a year for water power, it would add \$2 a year to his cost of manufacturing paper.

Senator CLARK. The Tariff Board in their figures, in speaking of the mills they investigated, said they charged nothing for the water power ordinarily except in cases where they had to purchase or rent their water power; if they did own their own water power very few of them made any charge.

Mr. McNAIR. That is accurate, from the experience I have had; and I have never known of any charge of any amount being made for water power.

As a matter of interest, at \$30 a horsepower, assuming that you built a mill and had \$30 a horsepower, it would practically add \$10 to the cost of making paper; at \$18 it would add \$6. Get up to \$39 or \$40 and you add about \$13 or \$14 to the cost of making paper.

Senator CLARK. Would not that depend on the quantity that you made?

Mr. McNAIR. Well, I am figuring on about 100 horsepower, Senator, per ton of paper. It would not make any difference in the quantity of paper you made at all. It takes about a hundred horsepower to make a ton of paper, in round figures.

Senator CLARK. I do not just catch your mathematics at all. I may be stupid about it. You are paying so much per annum for the horsepower?

Mr. McNAIR. You are not stupid; I have not made it clear. So much per annum for the horsepower, for each horsepower.

Senator CLARK. For each horsepower. Now, if your mill runs all the time your horsepower is working all the time.

Mr. McNAIR. Yes.

Senator CLARK. And you make less paper if the mill is working part of the time and your horsepower is idle?

Mr. McNAIR. Yes, sir; there is the great difficulty with the process of making paper.

Senator CLARK. Therefore my conclusion that it depended on the amount of paper as to how much it costs per ton for horsepower is correct.

Mr. McNAIR. It takes practically the same amount of power to make a ton of paper—practically 100 horsepower. Now, I will say right here that there is another item that adds to the cost of making paper. You are charging nothing for horsepower; the water is



getting lower in the stream; you have been disappointed in the rainfall; you have newspaper contracts; they must be filled, and you may find yourself up against a very serious problem. You must turn out paper for these contracts. In that case we are compelled to sharpen our grindstones. The pulp is not of as good quality. Then we require more sulphite. The cost immediately advances, and that advancing cost, in my own instance, last winter—speaking of the extremely low water we had—reached at one time \$10 per ton, on account of that and on account of buying ground wood pulp.

Senator Smoor. You were compelled to pay out \$35 a ton for sulphite pulp?

Mr. McNair. Compelled to pay a very much higher price for ground-wood pulp than that which we made. In our plant we make 60 tons of paper a day; we have a ground-wood plant with a capacity of 85 tons a day. It was originally put in for 70 tons a day, but there is a constant advance and application to the practical side of this business by practical men, and we have been able to make more ground wood pulp than we built our mill for.

Referring to what you stated, for instance, sulphite at \$30 a ton, just as a base and using 20 per cent, cost \$6 a ton in paper. If we are compelled to use 30 per cent of sulphite, that would cost \$9 a ton in the paper of the same price. If the sulphite we used was at the rate of \$35 a ton it would cost, for 20 per cent, \$7 in paper. If we were compelled to use 25 per cent, it would cost us \$8.75 in paper.

Senator Smoor. And that is where your failure of water supply comes in?

Mr. McNair. Yes; and this is something that the man building his mill on paper and making his costs on paper must not forget.

And, right in that connection, this word "slusher" was used yesterday, with some amusement to the committee and audience, and I do not think it was quite explained. In the manufacture of ground-wood pulp, if the ideal mill could be built, there would be plenty of water power, so that a mill could be run constantly and the wood ground in it would cheapen the process; but it is necessary on practically all water powers—it would not be feasible—you could not make all the paper required under ideal conditions. We run pulp over machines which take out a portion of the water and then finish the pulp in rough sheets. Slusher pulp is where the pulp is not run in rough sheets, but is ground and practically run from the grinders to the machines, passing over a machine which takes out a portion of the water—there would be too much storage in the pulp for practical use from the grinding.

A store of these sheets of pulp is required and necessary against the time of low water. The handling of that pulp entails an expense of all the way from \$2 to \$6 a ton, depending on local conditions. The mills are compelled to buy pulp, and practically all mills at some time, like our own plant, have this large capacity of ground-wood pulp; and last year we were compelled to buy pulp. Ordinarily, as was examined yesterday, the pulp is about 50 per cent water and must pay a profit to the manufacturer of the pulp; and, in addition to that, whatever the freight rate is, it being 50 per cent water, the rate would be doubled. For instance, taking an 8-cent rate, there

would be \$1.60, but as a matter of fact it would be \$3.20 a ton. Now, assume the slusher pulp at \$10, for convenience of figuring—which would be ideal, I will admit. You add to that \$3 or \$4 freight and handling, and you immediately find the variation in the cost of making paper that practically all the mills must contend with. I do not care where the mill is, those varying costs, from a practical standpoint, of necessity must creep into the business.

I don't want to take the committee's time unduly here. I have had some experiences of my own in manufacturing pulp. If it will be of any assistance to the committee, I will be very glad to continue.

Senator SMOOT. It would not take long to give the figures, would it?

Mr. McNAIR. No; not long, Senator.

Senator SMOOT. Perhaps you had just as well go on.

Mr. McNAIR. In my own instance—

Senator STONE. Don't you think it could be printed?

Mr. McNAIR. Perhaps; but it will take a very few minutes. The matter is absolutely technical, and perhaps it is as well to explain the matters as we go along.

Paper mills, as a rule, run every day in the year but Sunday, day and night, provided they can secure stock and water-power conditions that will permit. We have run in the last 9 or 10 years on an average of over 300 days a year. We have never shut down our mill, except for absolute repairs and renewals. Our cost of manufacture—I am using a percentage basis, which I think is clearer than dollars and cents to the committee—where we spent \$100 in 1902, for instance, we spent \$117 in 1907—that is, total cost of all articles.

Senator SMOOT. 1910?

Mr. McNAIR. I beg your pardon; 1910. I was comparing with the last year.

Senator SMOOT. What was it in 1907?

Mr. McNAIR. I will give you each of these years, right along.

Senator SMOOT. You might as well.

Mr. McNAIR. \$100 in 1902; in 1903, \$103; in 1904, \$97; in 1905, \$99; in 1906, \$110; in 1907, \$126; in 1908, \$119; in 1909, \$112; in 1910, \$117.

Senator CLARK. Did the production increase in these later years?

Mr. McNAIR. I will be glad to give you that statement right now. The product of our mill—where we made, in 1902, 100 pounds of paper, in 1903 we made 102 pounds of paper—these are on the same machines—in 1904, 108 pounds of paper; in 1905, 112 pounds of paper; in 1906, 120 pounds of paper; in 1907, 121 pounds of paper; in 1908, 126 pounds of paper; in 1909, 130 pounds of paper; in 1910, 143 pounds of paper, or an increase of 43 per cent in our production on the same machines.

Senator SMOOT. This is one of the "antiquated" mills?

Mr. McNAIR. That is a very embarrassing question to answer, Senator. I will tell you; I have been running the practical end of the mill. I can not talk depreciation, perhaps, as carefully and as fluently as other people. My idea is a mill must be kept right up to date and follow right along. The improvements that we have placed on our machines have been extensive. I am not afraid to travel if I know of an improvement or hear of one. I go to see it; and if it is practical, if it works out, we generally add it to our plant.

Senator CLARK. Is not that necessary to keep in the running of this business as in all other?

Mr. McNAIR. There seems to be a misconception. It is not at all different from any other business. I live not far from Minneapolis and I know the Minneapolis people—the water-power people there. We have water-power problems to solve together. I could not give you dollars and cents, but there is a great difference in manufacturing flour with water power and when they burn all coal. I do not know whether any other business is different.

Senator CLARK. I do not know of any other manufacturing business where the "survival of the fittest" does not apply.

Mr. McNAIR. I do not think we are an exception to any other business, and I do not know that many other lines of business have kept more up to date. I am not very old, but when I lived in New York State we manufactured about 200 pounds of paper an hour on a Fourdrinier machine. We are making 2,500 pounds an hour now. The old machine was 58-inch; that is, trim of paper 58 inches. Now we have a trim of about 110 or 111 inches. I remember very distinctly when Mr. Hastings and myself were a few years younger, in the Rochester Paper Co. He put in a 96-inch machine, and locked up the machine room—it was such a rarity; but in some way I got into his mill one night and spent the night there. I was looking for a small machine of 58-inch trim, and it was one of the great sights to see that 96-inch machine, and he called it the "big 4" in those days; but these machines have kept up, and they are running right along.

Senator STONE. Do you mean to say that the machines used in the paper mills of the United States are up-to-date machines, as a rule?

Mr. McNAIR. I have not seen all the paper machines, Senator. I am thinking of my own experience.

Senator STONE. You are speaking of your own mill?

Mr. McNAIR. And I have seen a great many other machines. We run our machines—our machines were put in in 1898 and 1899. I think it was—those machines have increased since 1902, 43 per cent, and we are running those machines 500 feet a minute—one 498 and one 501 feet a minute.

Senator STONE. Where is that?

Mr. McNAIR. I beg your pardon?

Senator STONE. Where is that?

Mr. McNAIR. My own machines.

Senator STONE. Oh, your own?

Mr. McNAIR. The majority of other machines is kept up to date. A paper machine that has been built within the last 12 or 15 years is an enormously heavy piece of machinery. It is nearly 200 feet long and is built in sections and built in parts. Now, there are parts of our machine that were put in that have been discarded 4 years, 5 years, 6 years, 8 years, and 10 years ago. We have put in other parts heavier in order to increase the speed and keep up the efficiency, and as a general rule I think that it is the same as any other business, as I said before.

Senator STONE. That is right where I want to ask you a question. Maybe that your mill and the machines in it are up to date. How many machines have you in it?

Mr. McNAIR. We have two.

Senator STONE. You have two. It may be that they are what would be termed up-to-date machines; but if the machines generally making news-print paper in the United States, or of that quality and character, are up to date, how does it happen that some of them make over 45 tons and running on down to less than 7 tons?

Mr. McNAIR. Well, I guess there are very few machines running the lesser tonnage that you have stated, but machines are of varying widths.

Senator STONE. Here is one in this table of less than 7 tons and one over 45 tons. Then they run to 43 tons, in round figures.

Mr. McNAIR. I beg your pardon.

Senator STONE. Seven, 30 tons; seven, 29 tons; six, 18 tons; twelve, 16 tons; one, 7 tons.

Mr. McNAIR. That would be probably or entirely due to the different widths, Senator, of the machine. Now, for instance, our machines have 110 and 111 inches width of paper. A machine 25 per cent wider or 25 per cent narrower—

Senator STONE (interposing). I am speaking of news-print paper now.

Mr. McNAIR. I am speaking of news-print paper; 25 per cent wider or 25 per cent narrower would have different resultant productions.

Senator STONE. Is there very much difference in the width of the paper that is made on the modern machines, new and best machines? Is it not all about the same width?

Mr. McNAIR. There is one of the great difficulties of the paper trade. The newspaper uses rolls of varying widths, and one of the very best economic things that we will ever come to, between ourselves and our newspaper friends, is when they get something like a standard size of rolls. We have customers, for instance, that want rolls 16 inches wide, 16½, 16¾, 17, and so on, with the fractions. Then there is another class of rolls that runs along all the way from 30 to 36; another class of from 40 to 44 inches; another grade from 60 to 67, and then on up to 73 inches. These rolls are all of different widths, and one of the laws of economy in the manufacture of paper, as between our customers, and the newspapers admit this fact, is that there is no standard size. In other words, you can not make paper as flour or sugar is made. You can not turn it out and put it in store and take it out by the pound. I am running to-day on a certain size roll and I am running along to good advantage, and a newspaper will telephone or wire that they must have a car of another size. We may have it in stock—ordinarily we try to keep our customers fairly well taken care of—but it is possible we may have to go to work to make another size roll. I think I am anticipating your question. The paper is run in large reels and large rolls, and from that cut by slitters into the smaller size rolls.

Senator STONE. Now, it runs into a large roll and then it is cut to suit the customer?

Mr. McNAIR. To suit the customer.

Senator STONE. When you come to state how many tons you have produced in a day or a week or a month, you take each large roll, do you not?

Mr. McNAIR. We take the actual shipping weight of the paper, the product per day.

Senator STONE. What becomes of what you cut off—is that waste?

Mr. McNAIR. Well, in our instance we practically have a very small proportion of waste. We manufacture some sheet paper for the country newspapers—we have quite a good trade with them. That paper is cut into sheets; and we also endeavor to dispose of the entire product by working the rest of it off in school tablets. We sell paper for the manufacture of school tablets.

Senator STONE. You do sell most of it, then?

Mr. McNAIR. Yes; we practically sell all of it.

Senator STONE. Is that taken into account in determining the amount in tonnage in your production?

Mr. McNAIR. Oh, yes; that is paper; yes, sir.

Senator STONE. That is what I wanted to know.

Mr. McNAIR. I did not understand your question.

Senator STONE. Then, the amount that you produce in a day per machine depends on the weight of the large rolls that are run out?

Mr. McNAIR. Certainly—it depends upon the production of the machine.

Senator STONE. On what the machine actually makes?

Mr. McNAIR. Just the same as any other product.

Senator STONE. I thought so.

Mr. McNAIR. I am sorry I misunderstood you, Senator.

Senator STONE. Are the standard machines, or the best type of modern machines so constructed as to make about the same width of rolls, or is not that the rule?

Mr. McNAIR. That is true to a very large extent. In our own trade, it is more economical—in the contracts that I have been handling for years, the exact width of our machines, and owing to our conditions, are more economical than any other widths we could have, from the fact that we get the full width of our machines with those rolls; that is, by making some of all the different rolls that we have to fill.

Senator STONE. Let me see if I can get you, as an expert on this subject, to tell me—

Mr. McNAIR (interrupting). I do not know as I can qualify as to that.

Senator STONE. You ought to be able to from your experience. Here is one machine given which makes over 45 tons, another that makes less than 7 tons. Now, do you account for that difference in productive capacity by the fact that the machine producing the larger tonnage runs a wider width of rolls than the other?

Mr. McNAIR. To a large extent.

Senator STONE. Then, about how wide would you imagine the rolls were of a machine making 45 tons?

Mr. McNAIR. Oh, I do not know; that might be a machine with a trim of perhaps 160 or 170 inches.

Senator STONE. 160 or 170 inches?

Mr. McNAIR. Yes, sir.

Senator STONE. And the other would be about what width, then—would it be as 7 compared to 45?

Mr. McNAIR. Yes, sir. I have never seen a machine making only 7 tons a day. I do not think there are very many in the country.

Senator STONE. There is one given.

Mr. McNAIR. I was not aware of that. I would not be able to answer about that machine. I do not know its conditions. I think that is what Mr. Hastings was calling attention to, to straighten that out. That was another matter entirely.

Senator SMOOT. I suggest only that this is the number of establishments. That is one establishment that is making 45 tons. That is the production in that establishment. There may be two machines.

Mr. McNAIR. It would be—

Senator STONE (interposing). It would not require two machines to make 7 tons.

Senator SMOOT. No; I am speaking of 45 tons. I do not think there would be more than one machine making 7 tons, and that a very, very narrow machine, and perhaps located somewhere off in some remote part of the country.

Mr. McNAIR. Possibly that machine may be making tablet paper or hanging paper—something of that kind.

Senator STONE. I am asking you if a modern machine running a width of 160 or 170 or 180 inches, running properly, can not produce 56 tons.

Mr. McNAIR. I have never run one. I think the possibilities are there. I think the possibilities might be there. I do not know whether the economy in all instances would be there.

Senator STONE. When it is stated here that one establishment produced 45 tons, would you suppose that that was one machine or two machines or three machines?

Mr. McNAIR. That might be two; I do not know; I am not sure. It is all exactly like this—I see what you are driving at. I have not seen the figures.

Senator SMOOT. I called the Senator's attention to the fact that we have all been figuring on 45,000 tons and 6,000 or 7,000 tons a day. That is not true; that is per year.

Senator STONE. I know it is per year.

Senator SMOOT. That would be 150 tons per day, if they run 300 days per year; it would be 24 tons a day for that one establishment, the very lowest one. That would really depend upon how many days in a year. It may have produced just as many tons as the other, as far as the per day production is concerned. This is production per year.

Senator STONE. Well, you are correct about that, but it does not change the question I am asking.

Mr. McNAIR. I understand you now, Senator.

Senator STONE. What?

Mr. McNAIR. I think I understand you now, Senator.

Senator STONE. That would not change what I am after whether by the year or by the day. I will just change it now from the day to the year.

Mr. McNAIR. I think I have answered your question definitely. It is the same as any other business. There is this constant adding to the equipment and keeping up of the mills, as you say. In my own

instance, where I have been able to increase 48 per cent since the first year, with the same machines, I have added six more dryers to each machine, and our production now has gone up 54½ per cent from the first day on this machine; and I believe the mills, in general, in talking with the machinery men—I confer quite a good deal with builders of machinery and like to go to their establishments, and I know that the orders for new paper machinery are pretty general. The paper machinery men have been pretty busy, largely in adding to the mills.

Senator STONE. It figures out there, I understood you to say, something under 24 tons per day.

Senator CLARK. Do you refer to this table?

Senator STONE. Yes; I refer to the first one mentioned in that table.

Senator CLARK. I was figuring on the last one mentioned.

Senator SMOOT. In the first case, there is not a question but what they would have to have two machines, because 300 days would be 150 tons per day, you see. So there is not a doubt about that establishment, and the heading says "number of establishments." The establishments would no doubt have two machines to produce that amount in the year or more.

Senator CLARK. The first one, Senator, is the first establishment, according to figures here, produced 150 tons a day, allowing 300 days to the year, and the last establishment at 28 tons a day.

Senator STONE. The first one, how much?

Senator CLARK. One hundred and fifty.

Senator SMOOT. So that they may have had more than the two.

Senator STONE. I want to ask this question: If a machine produces 20 or 24 tons per day, and that is its capacity, would you call that an up-to-date machine?

Mr. McNAIR. It might be an up-to-date, first-class machine, but somewhat narrower than one producing 30 or 35 tons per day. The width of the machine would cause that variation. The only possible way to answer your question—I am not trying to evade it—I am trying to make it clear to you that the width of the paper on the machine must necessarily have everything to do with the production. If you have a machine, for instance, a hundred inches wide, it is one item; if you have a machine which is 152 inches wide, it would make just that proportion more of paper, and it would be utterly impossible to answer your question by saying that is an up-to-date machine, because that 150-inch machine might not be as well run as the 100-inch. I think I have made that point clear; I have tried to, at least.

Senator STONE. What is the general average width of the newspaper rolls?

Mr. McNAIR. Varying from 16, 16½ to 16¾, 17, 17½, and the fractions; and the next series strikes in from 30 to 36, the next from 40 to 44 inches, the next along in the 60's, 66, 67, and so on, up to 70, and to 74. Now, the customer may wish a certain margin on this paper—

Senator STONE (interposing). What kind of customers buy the smaller rolls?

Mr. McNAIR. The large and small customer. The small width—

Senator STONE. You mean the 60 or 70 inches?

Mr. McNAIR. Yes, sir. Now, for instance, you take the Washington Post; I think this morning it had an insert—that is, for instance, a 10-page paper. The full roll will print 8 pages. Then the width of the sheets, as you use it, will have a small roll inserted which would make, ordinarily, pages 5 and 6.

Senator STONE. Take the Post. What width of paper would it use?

Mr. McNAIR. I do not know what width they print from; I do not happen to know the width that paper uses; I never made paper for them.

Senator STONE. You see the size of it?

Mr. McNAIR. I do not know; their presses might be somewhere from 30 to 34 or somewhere in the 66-inch widths, depending on the press; and 66 inches would be four sheets printed and then folded; and the 30-inch class would be four sheets and folded, and this insert sheet would be the half of the 34. Then there are other presses that run crosswise that take the 40-inch group—40 to 44. Now, a newspaper may wish paper 43 inches; his neighbor may wish to have a little different margin. He may want it 42½, and there is where all these varying sizes occur.

Senator STONE. Do you know it to be a fact that there are a large number of mills making paper in this country which are not capable of producing as much as other mills—of equal width?

Mr. McNAIR. Why, certainly; it is due, in most instances, Senator, to the varying water-power conditions. I have seen some of the best mills in this country, and have known of their producing very much less paper.

Senator STONE. You attribute it to the water power instead of the quality of the mills.

Mr. McNAIR. There are poor mills, but from my experience—and I have had more or less experience in the paper business—I think the general trend of this business has been toward efficiency. Efficiency is a pretty hard question to define. It may be 70 per cent or 80 per cent or 90 per cent or may be 100 per cent, and it may be 50 per cent; but I think if you take an American paper manufacturer, as a rule, he is pretty energetic. Business has been built up a good deal in the last 25 years. There are backsliders in the ranks of all manufacturers.

Senator STONE. Where is your mill?

Mr. McNAIR. We are just a short distance from Duluth, Minn.

Senator STONE. There were about 100,000 pounds of news-print paper shipped into Canada during this fiscal year, or there has been up to date. Did that go from your section?

Mr. McNAIR. I understand some of that went from Minnesota, but I do not know, Senator. I have shipped none to Canada and know nothing about that quantity. I heard the statement yesterday, as you heard it, and that is the first that I had ever heard of it.

Senator STONE. You did not ship any of it?

Mr. McNAIR. No; I shipped none to Canada.

Senator STONE. I understood part of it went to Winnipeg, and I presumed, therefore, it went from the mills up in that region.



Mr. McNAIR. It did not go from my mill, and I have no doubt the statement made yesterday was correct; but it is the first I had heard of the fact. Minnesota is a pretty large State, you know.

Senator STONE. How do you explain that our news-paper manufacturers can ship paper at all into Canada and pay a 15 per cent duty; is that the duty? How could they manage to do that?

Mr. McNAIR. I think it is.

[Note inserted by Mr. McNair.]

I had forgotten, when making this statement, that we shipped some paper to Canada to supply a newspaper temporarily that ran short of paper, the customer paying the duty and freight.

Senator STONE. Yes; 15 per cent and the freight?

Mr. McNAIR. Well, perhaps in the instance noted yesterday, which is the first I have heard of the fact, it may have been shipped from International Falls, Minn., which is only a short distance from Winnipeg; but there certainly would be a much less freight rate from that particular point to Winnipeg than there would be across country, and may be the reason of its going there. I do not know; as I say, I never knew of the order. I have not shipped any paper into Canada in I do not know how many years. I have never been able to get into Canada. I have been in Winnipeg once or twice to try to sell paper, but have been unsuccessful in recent years, Senator—that is, in the last few years.

Now, perhaps, the difference in the cost of wood, in my own experience, might be of interest. Where I paid \$100 for wood in 1902, in 1903 I paid \$108; in 1904, \$114; in 1905 I paid \$130; in 1906, \$163; in 1907, \$234; in 1908, \$235; in 1909, \$209; in 1910, \$210.

Senator CLARK. You do not own your own woodlands?

Mr. McNAIR. We have some woodlands, but not extensively.

Senator STONE. You have a great deal of spruce wood in northern Minnesota?

Mr. McNAIR. There is a considerable quantity of spruce wood in northern Minnesota. It is nothing like as extensive in quantity as the pine formerly was, although there is a good deal of pine left in Minnesota, as you are aware.

The cost of various materials, which also would affect and explain the varying costs in making paper—without going through the entire years—has advanced from 1902, when we paid \$100, to practically \$131 now. Of course, in the operation of a paper mill—I have made the statement that we have increased our tonnage 43 per cent in this time—the efficiency of the conversion of the materials has been a line running the other way, and whereas we paid \$100 in 1902, in 1909 it cost us \$94.

Senator SMOOT. What did the selling price do? You have manufactured more and it cost you less. What about the selling price?

Mr. McNAIR. Our selling price, I think I have those figures—the selling price at the mill in 1902 we received at the mill \$100; in 1903, we received \$105; in 1904, \$105; in 1905, \$93; in 1906, \$93; in 1907, \$103; in 1908, \$107; in 1909, \$103; and in 1910, \$105. To recapitulate briefly, starting in 1902, at \$100 our cost of manufacturing, where we spent \$100 in 1902, we spend \$117 now. Our selling price, where we received \$100 in 1902, we now receive \$105. Where

we have made 100 pounds of paper in 1902 we now make 143 pounds. Our cost of wood, where it cost us \$100 in 1902, it now costs us \$210. I do not want to bore the committee with too many figures, and I am willing to be relieved at any time.

Senator CLARK. I want to ask you one question. I intended to ask it during the course of Senator Stone's interrogatories. Is the paper manufactured in the United States sold in the open market—I mean is there a free competition?

Mr. McNAIR. Entirely so, as far as we are concerned, and as far as I am aware of anyone else. You can see that we have never starved the market in our instance, and I do not believe that the other mills have. I am speaking largely for the western mills that I am quite familiar with.

Senator CLARK. I am asking that in relation to the efficiency of the plant.

Mr. McNAIR. Yes, sir.

Senator CLARK. With a free and open market, without a combination of any sort in regard to prices or to fixing the prices, from the very necessities of the case, a manufacturer to be successful in his business in paper or anything else has to be up to date at the best or else he is killed by competition?

Mr. McNAIR. Senator, that is absolutely true; and there is a final analysis in answering this whole paper question, it seems to me.

Senator CLARK. The question in my mind is as to whether or not the market is free and open?

Mr. McNAIR. It is.

Senator CLARK. Of course, the statement has been made here time and again that it is not.

Mr. McNAIR. I am sorry I am not under oath to answer your questions, but you will have to take my positive statement.

Senator CLARK. We will take it just the same, exactly.

Mr. McNAIR. The final analysis of this whole paper question is so little different from anything else. We use spruce. I do not know as we are always going to use spruce to make paper out of. It is a pretty progressive industry. I started to make paper out of rags, and then straw.

Senator STONE. Out of what?

Mr. McNAIR. Rags—news-print papers.

Senator STONE. What?

Mr. McNAIR. R-a-g-s; then from rye straw in western New York. We thought at that time we had all the problems solved in the manufacture of paper. Now we are manufacturing paper out of wood.

I have sold paper myself for \$160 a ton; in fact, the last good contract I made was with the Ithaca Journal, about 20 or 25 years ago, at \$160 a ton. Now, paper has been decreasing more than you people seem to realize, sometimes. We have dropped from \$160 and \$200 a ton in a comparatively short time down to hovering around \$40 a ton.

Senator CLARK. Of equal quality?

Mr. McNAIR. Better paper. The efficiency of the mills is better; we keep up to date—that is, we are required to do that—the requirement of the news paper. You understand we are turning out a mate-

rial that goes over a printing press at enormous speed, and you go down to an afternoon paper——

Senator CLARK. A good deal of it hurt in the printing?

Mr. McNAIR. I have no quarrel with my newspaper friends, so I have no reflection to make whatever; but you realize that this paper goes over these printing presses at an enormous speed, and you go in and you will find at 4.25, say, in the afternoon a mail must be caught. The papers must go to a certain train. It leaves the pressroom at 4.25. That does not mean 20 minutes or 10 minutes after 4. We have got to pretty nearly turn out rolls of paper that will go over those presses at their high speed—be printed, folded, counted, and mailed in time for that. Now, there are not very many newspapers that will let any other mills—and it speaks as much for the efficiency for the paper trade to state that you get your evening paper delivered at about the same time every day. The editions are out. You let an important item of news come over the wires, and the special edition is on the street almost instantly. We never could have done that with the old-style paper.

Senator STONE. Twenty-five years ago you sold this same kind of paper at \$160 a ton?

Mr. McNAIR. That is the last good contract I made.

Senator STONE. Twenty-five years ago?

Mr. McNAIR. Yes, sir.

Senator STONE. That was the current price?

Mr. McNAIR. That was the current price at the time, and we did not figure quite as close then on prices. It was so much a pound, and the variations were a quarter cent and a half cent, and often a cent.

Senator STONE. You really did not care whether it was 10 or 15 cents a pound, since you were getting \$160. What has reduced the price down, you say, around \$40 a ton?

Mr. McNAIR. It is the machinery, the training of men, and efficiency; and when you say that we make better paper in America, it is a fact. It may be a purely academic reason; I think the strongest reason for protecting this industry in this country is the very fact that the American manufacturer, on the practical side of his business, makes the best paper in the world—roll print paper. I will not say but what Canada may eventually and can make just as good paper as we can here. I think it would be a foolish statement to make, but this country has done it, and is doing it.

Senator STONE. I admit the quality is as good and better.

Mr. McNAIR. Are not we entitled to a little consideration from the fact that we have developed an industry in this country?

Senator STONE. That is very true and a very great consideration.

Mr. McNAIR. That is all we want.

Senator STONE. I want to get from you the cause of this enormous reduction in the period stated. Did you use the same material then as now?

Mr. McNAIR. It is in the material; it is in process; as I told you, we were making then——

Senator STONE. It has come through material, has it? What kind of materials did you use then?

Mr. McNAIR. Rags; and there were not rags enough made to supply the American newspaper.

Senator STONE. You do not use rags now?

Mr. McNAIR. No, sir. Then we started to use straw; then we started to use wood; and there can not anybody make me believe that the American ingenuity, and especially the young American spirit of getting there, is not going to find fibers enough to make paper out of for the generations to come. I am not frightened.

Senator STONE. Did the materials you used for making paper 25 years ago cost you any more per ton than it would now?

Mr. McNAIR. Certainly, it did.

Senator STONE. How much?

Mr. McNAIR. I don't remember those figures. I should have to go back and dig them up.

Senator STONE. Approximately?

Mr. McNAIR. Oh, I guess they were worth all the way from 2½ to 3 cents a pound, or 4 cents a pound. I am informed by an old ragman here that it was often 7 cents a pound.

Senator STONE. Seven cents a pound. Then one of the causes of the high price was in the high cost of the raw materials?

Mr. McNAIR. The high cost of raw materials was one of the causes; but the whole business has changed.

Senator STONE. You are getting cheaper raw materials?

Mr. McNAIR. We are getting cheaper raw materials, and that brings me right down to this statement that I made in starting. In the final analysis of this whole question it is simply a business matter. It takes just so much wood to make a ton of paper. I will follow up my statement—it takes so much wood to make a ton of paper, and if there is \$4 difference between the Canadian wood and the American wood—and I might say a cord and a half—it is the simplest problem in mathematics to state there is a difference of \$6 in cost in the two countries.

I am not going to be foolish enough to make the statement that the United States is the only country that can make paper, but when you manufacture paper you are up against the elements: you are up against conditions and the varying waterpower, and you are up against the skill and care and attention and application and efficiency of the men that are manufacturing that for you; but there is one factor that you are always up against, and that is the difference in the cost of the raw materials; and when it comes to reciprocity, I do not understand it. Our whole part of the country seems, so many of them, opposed to this thing; the farmer can not understand it, and he is opposed to it. If we are going to have any sort of conservation, why should we have a little free wood from one of the eastern Provinces? What about those of us out in the West? Are we going to be compelled to cut every spruce tree in Minnesota and go out of business? That is a broad question. I do not want to enter into it, and I do not feel qualified to carry on the discussion. Others can do it much more ably.

One thing, you are speaking of Canadian competition, which I neglected to call attention to, and asking if we shipped paper over there. You will remember, Senator, that the Canadians can dump

their paper on this side of the line and we can not go to Winnipeg and sell for any less than our average or ordinary cost—

Senator SMOOT. On account of Canadian law, called an antidumping law, which does not permit goods from any other country to come into Canada and be sold for a less price than they are sold in their home markets.

Mr. McNAIR. And I simply referred to that, thank you, Senator Smoot, because I had not answered the Senator's question fully.

Gentlemen, I wish to thank you very much.

I think, however, I made a mistake in the date our machines started.

The CHAIRMAN. You will have a chance to correct the proof.

Mr. McNAIR. I should have stated 1898 and 1899. In making the statement I inadvertently gave this later year.

Mr. ARTHUR C. HASTINGS. I now desire to introduce Hon. Elom R. Brown, of Watertown, N. Y.

#### STATEMENT OF ELOM R. BROWN, OF WATERTOWN, N. Y.

Senator STONE. Did you appear before the committee in February last?

Mr. BROWN. Yes, sir.

Senator STONE. You made a statement in this case then?

Mr. BROWN. I did.

Senator STONE. I just wanted to get that in the record.

Mr. BROWN. I was requested to appear here by the Watertown Chamber of Commerce, and I have some reluctance, I confess, in again addressing the committee on similar lines, but I have listened to the hearings here for three or four days, and found that the committee was going over the ground again, and I supposed that was because it was a new committee and new Congress. I have no desire to bore the committee, but my—

Senator STONE. You do not bore us. Yours was a most interesting talk. We all agreed on that before—that we heard the best speech from you that occurred during the whole hearings.

Mr. BROWN. Watertown is the largest town in northern New York north of the New York Central Railroad, marking it off between Albany and Syracuse, and its progress and prosperity have been marked by the growth of the paper trade and the present wholesome conditions of agriculture. They have been so much interested in this matter that they asked me to come down here before, and asked me to come again, and with the indulgence of the committee I will review some of the matters that are affecting them and which they think the attention of the committee ought to be called to.

As I sat here listening I have been rather puzzled to know from what point of view to consider this bill. I listened to the remarks of Mr. Norris, and I read as carefully as I might the various statements that have been put out in behalf of the measure emanating from the administration.

They are so different that it is impossible to meet them in the same way. I noticed yesterday that the committee listened to an argument made here to the effect that paper was made cheaper in the United States than in Canada. If that was true, if paper were made cheaper in the United States than in Canada, the whole paper trade of north-

ern New York would not be up in arms in relation to the part of the bill which affects them. They are of the opinion that it costs more in New York State to make paper than it does in Canada, and they are very much confirmed in that by the anxiety of the Canadian Government to have paper costing less than 4 cents a pound admitted free into this country. That the Canadians were in a position to compete with us successfully was openly stated in Parliament by one of their ministers, Mr. Fielding, when this matter was submitted to the Canadian Parliament. In addition to that, the Mann investigating committee decided that it cost \$2 more. The Tariff Board, which certainly is not prejudiced upon the matter, has found that it costs \$5.35 more. The Canadian manufacturer has been shipping very large quantities, considering the production in Canada, through the last year or two into this country and paying our duty. What is the use discussing it any further? They make paper cheaper in Canada than we do here.

Now, it is claimed that if they make paper cheaper in the United States than they do in Canada—Mr. Norris says, assuming that they make paper here cheaper than they do in Canada—we are going to greatly benefit ourselves in the following manner: The Provinces which have the large supply of pulp wood at hand are going to have residents who will desire to build mills to make paper to export to the United States. They will bring a pressure to bear upon those Provinces to release the export duty upon pulp wood to the United States, so that they may make paper from wood from the Crown lands and ship it here to the United States. Now, that is a perfectly ridiculous proposition, if we make paper cheaper in the United States than they do over there. Nobody is going to build mills over there if we make paper cheaper in the United States than they do in Canada, and they are not going to give up the advantage they have in relation to the exportation of wood, so that paper may be manufactured there to come into competition with paper that is made cheaper here, and by removing the export duty or the prohibition enable us to make paper still cheaper than we made it before. The reasons given by Mr. Norris do not hold together at all. Neither are they supported by the history of the trade. The history of the trade in the United States is this, that in 1880 we had \$48,000,000 invested in the whole United States in the manufacture of paper, and in 1905 we had \$278,000,000, of which \$60,000,000 is invested in the State of New York, and the bulk of that in the territory that I have referred to and from which I come. We have a great deal more capital invested in the manufacture of paper in northern New York to-day than the whole United States had in 1880. In Canada they had only \$2,500,000 invested in 1880 and \$23,000,000 in 1906, and a very rapid growth since that time. They have grown in that period, notwithstanding our protective tariff, which cut them out of this market.

The paper trade in northern New York is one of the most attractive things to look at that men ever saw. The buildings are handsome, the investments are enormous. In a very large number of cases they have built up villages which before were nothing but the open fields; they have built handsome and populous villages, and they are turning out this enormous product, and the growth of this trade has marked the difference between a purely agricultural region, as northern New York was in 1880, and a great manufacturing sec-

the campaign going on in favor of reciprocity just across the border from Watertown:

DAIRYMEN AND RECIPROCITY—JOHN HYATT QUOTES FIGURES TO SHOW BENEFITS.

MARCH 21, 1911.

At the close of the short course for farmers, held in Picton, under the auspices of the department of agriculture, John Hyatt gave an address on "Reciprocity." "At Bloomfield cheese factory," said he, "we handled about 5,750,000 pounds of milk last year; call it 6,000,000 pounds for calculation. That milk realised about 85 cents per hundredweight. If the American market had been open to us we would have realized 20 cents per hundredweight more. That would have meant an addition to the income of our own factory of \$12,000. Only about one-twelfth of the cheese made in Prince Edward County was made in Bloomfield. Multiply 12 by 12 and you have the amount of gain that would have been realized on the combined output of the factories in the county, \$144,008. The total sum collected in taxes through township municipalities in Prince Edward is about \$100,000.

I will give the stenographer the balance of that quotation.  
(The remainder of the article is as follows:)

The opening of the American market last spring would, by the increased price obtained for our milk, have enabled us to pay our entire township tax bill and have left us \$40,000 for good roads. I know it by facts obtained from D. Bassett, Huntingdon, Quebec. The Huntingdon people are right on the border; they shipped cream to the United States last year in the face of a duty of 5 cents per gallon. They realized \$1 net for their milk from June to September 30, \$1.12 for October, \$1.22 for November, and \$1.40 for December. If we could have shipped the cream from our milk to that same market we would have received at least 20 cents per hundredweight more for the milk we produced. With the American market wholly free to our cheese we would have done still better. Even in the face of the duty of 6 cents per pound on cheese, two of our factories were able to ship some of their product to the United States and to obtain better prices for it than could have been obtained by shipping to the English market, where there is no duty. With the American market open and our cheese increased in price to the extent of half the United States duty now imposed, a quarter of a million dollars would be added annually to the income from dairying in this country. Is that worth while?

Again, in the British Whig, referring to the speech of Dr. Currie at Kingston, April 15:

The American market had always been regarded as a good one, but since the question of reciprocity had been taken up there was a difference of opinion. He quoted figures to show that the average American market price for poultry, butter, and stock were higher across the line than in Canada. The speaker quoted his figures from reports.

And while I have watched the Canadian publications carefully since this pact has been pending, I have observed that whereas it was customary before it was pending to publish detailed reports of the market, they have been suppressed since it has been pending. The Whig continues:

Another point touched on by the speaker was the higher price paid in the United States for farm lands. In the United States farm lands brought 50 per cent more than in Canada.

From a speech by A. J. McKay, on April 15:

At the time this statement was credited to the prime minister, an effort had been made to secure a trade agreement with the United States. What Sir Wilfrid did say at this time was that Canada would make no more pilgrimages to Washington, as it appeared to him that there was no sign of the States meeting Canada along these lines.

"But this time," added the speaker, "Washington came to Ottawa. All negotiations were made there." [Loud applause.]

The speaker pointed out how Canada would benefit by having the American farmer, the best experienced in the work. He would come with means, and be a benefit to this country.

Senator CLARK. I am very much interested in this résumé of the views upon their side of the line. I understand that those in favor of this pact in the United States believe that the benefit will come to the United States. On the other hand, those in favor of it in Canada believe that the benefit will come to them. In your opinion, is there any consistency in those two views?

Mr. BROWN. It is too plain——

Senator CLARK. I just want to get your views. Is not the theory of the whole pact based on the idea that two people can trade and both of them receive the benefit of the trade?

Mr. BROWN. There is no doubt whatever of that fundamental principle in political economy; but where there is not any trade at all, where you simply take out of your pocket and give to the other man and get nothing in return, it is not a trade. [Applause.]

Senator CLARK. That brings me to the point, then. Your view is that this bill does not carry out the theory upon which it was supposed to be based?

Mr. BROWN. There is not one single reciprocal feature in it that is worth talking about a moment.

Senator CLARK. That is what I wanted your opinion on.

Mr. BROWN. But there is one other statement from Canada so important that I would like to have the committee bear with me a moment because it was what I would have expected a man living in northern New York who was in favor of the treaty to have said, only it was said for Canada, and it is apparent that if he accomplishes his purpose we lose ours. It was published also in the British Whig:

But if there is a country in the world that would benefit, on the whole, by free trade in natural products, that country is Canada. Moreover, there has been no time in the history of the country when it was so necessary to provide for more markets and freer trade relations. The natural products of Canada are going to increase enormously during the next few years, and in greater proportion to population than has ever been the case, probably, in the history of any other country in the world. It is all well enough to talk about "home markets," but the exportable surplus of agricultural products is increasing in much greater ratio than the home consumption, and if we do not get more markets and a freer outlet prices will fall, production be curtailed, and not only the agricultural industry suffer but all other interests as well. "When the farmer prospers everybody prospers." This is especially true in Canada where one-half of the entire population is engaged in agriculture.

If we want to make of Canada a great and prosperous country, her people patriotic, happy, and contented, we must encourage agriculture and increase the agricultural community. The more profitable we can make farming, the more people will seek the soil as a means of livelihood.

The farmer is not only a producer, but he is a consumer, and the more prosperous he becomes the greater his purchasing power. His augmented income would not go to merely increase his bank account, but to buy more and better machinery; in short, more manufactured products of all kinds. Thus the manufacturer and the merchant would be benefited and indirectly the wage earner. Some fear that the cost of living will be increased by the increase in the price of foods and that this will bear heavily on those who have nothing to sell but their labor. It does not necessarily follow that if the farmer gets better prices for his products under reciprocity that the consumer will have to pay more for them. It has been estimated by statisticians that the farmers in the United States get only 40 per cent of the price paid by the consumers. The middlemen in that highly "protected" country get the balance, 60 per cent.

Senator STONE. Who is the author of that?

Mr. BROWN. A Mr. S. A. Akroyd, a public man in Canada, writing in the British Whig.



Senator STONE. Do you believe that shows that the Canadians are in favor of this?

Mr. BROWN. I read that to show that the agricultural interests of Canada directly opposite our section of the country are enthusiastic for the adoption of this amendment.

Senator STONE. Of course I could read, or you could, columns upon columns of Canadian speeches and writings in opposition to this.

Mr. BROWN. I did not intend to review the whole testimony, but it seemed to me that this was a better illustration of it than I could find otherwise; and that is why I wish to lay it before the committee. The Canadian papers contain many statements of that character in behalf of the agricultural interests for the adoption of this agreement.

Returning to Mr. Norris, he said that if you passed this pact without the amendment requiring the removal of the export duty on Canadian pulp wood, the effect of it would be that we would have access to a large number of their forests which otherwise we should be excluded from. And he stated where those forests were—in Saskatchewan, Alberta, and other places lying just east of the Rocky Mountains. The print-paper trade and the whole paper trade of the United States—there is a little of it west of the Mississippi—lies east of the Mississippi River. New York State alone produces 1,117,000 tons, or practically twice as much as any other State in the Union. Maine, which is next, produces 623,000 tons; Pennsylvania, 419,000 tons; Wisconsin, which is the great producing State of the West, 446,000. Now, these forests lying just east of the Rocky Mountains, in Canada, if they are preserved to these industries which are already established in these great Eastern States, are going to be of no value. Transportation makes it prohibitive; but the effect of this act, if it goes into force, will be this: There will be a new market in Canadian mills for pulp wood from private land in eastern Canada, Ontario, Quebec, New Brunswick, Nova Scotia, and in all those places from which we can now get free timber.

There will be new competition from the Canadian mills now existing and hereafter to be built, because, as to paper made from free timber, against which there is no export duty, this act, in the form in which it now stands, is a distinct premium upon the use by eastern Canada of all the wood which now remains open to our mills. It is putting a premium upon it. Of what use is it to these great established industries in our Eastern States that the wood which Canada has in the Rocky Mountains or near the Rocky Mountains has no export duty on it, unless it be the chance we are willing to take that these great industries may be destroyed in the East and built up in the West, and by the time they are built up in the West meet the competition they are threatened with from eastern Canada and new restrictions in the West. It is truly elusive.

I think I ought to call the attention of the committee again to an investigation which I conducted myself in 1892. In 1892—the McKinley bill having taken effect in 1890—there was a campaign in which the doctrine of protection was an issue. I made an investigation in the markets of Kingston and Watertown of the prices of those products which were free prior to the enactment of the McKinley bill and on which a protective duty was imposed by that bill for presentation to the public.

Prior to 1890 I found—in 1889—that the corresponding markets on oats in Watertown were 33½, 27, 26, and 36; in Kingston the same

year, 34½, 25, 31, and 36. After the passage of the McKinley bill I found the prices as follows: Watertown, 52, 62, 43, 35 to 40—that was in 1891 and 1892; for Kingston, 37, 47, 25, and 30. In relation to hay I found that before the passage of the McKinley bill it rated at \$15 in Watertown and Kingston, and part of the time \$8 in Watertown and \$10 in Kingston. A little later, and for the two or three years following the passage of the McKinley bill, I found it was \$8.50 in Watertown, \$8 in Kingston; \$8 in Watertown, \$3.25 in Kingston; \$16 in Watertown, and \$7 in Kingston.

I will give that statement in detail to the stenographer.

(The statement in full is as follows:)

*Statement of prices of agricultural products in Watertown, N. Y., and Kingston, Ontario, before and after the passage of the McKinley bill, Oct. 1, 1890.*

#### OATS BEFORE THE PASSAGE OF THE MCKINLEY BILL.

	Watertown.	Kingston.
	Cents.	Cents.
1889—May.....	33½	34½
November.....	27	25
1890—January.....	26	31
June.....	36	36

#### OATS AFTER THE PASSAGE OF THE MCKINLEY BILL.

	Cents.	Cents.
1890—November.....	52	37
1891—May.....	62	47
November.....	43	25
1892—January to September.....	35-40	Under 30

#### HAY BEFORE THE PASSAGE OF THE MCKINLEY BILL.

1889—May.....	\$15.00	\$15.00
1890—February.....	8.00	10.00

#### HAY AFTER THE PASSAGE OF THE MCKINLEY BILL.

1890—December.....	\$8.50	\$6.00
1891—March.....	8.00	3.25
October, November, and December.....	16.00	7.00
1892—January to July.....	10.00-14.00	7.00

#### BARLEY BEFORE THE PASSAGE OF MCKINLEY BILL.

[Prices same in Watertown and Kingston in 1888, ranging from 35 to 75 cents, according to season and quality.]

#### BARLEY AFTER THE PASSAGE OF MCKINLEY BILL.

	Cents.	Cents.
1890—October.....	60	52½
November.....	70	60
December.....	85	50
1891—January.....	87-92	50
February.....	88-90	50
March.....	86	52
April.....	87½	55
October.....	85	40
November:		
No. 1.....	92	44
2-rowed.....	55	.....
December 6, rowed.....	70	44
1892—January.....	67½-92	43
February.....	52½-65	39½
March.....	52½-65	40
April.....	52½-65	40
May.....	52½-65	39

Mr. BROWN. Now, to go back again—for the two matters are inseparable in my mind—to Mr. Norris's remarks about his trying to buy paper in the open market. I have been connected as counsel with paper companies for 30 years. I have been familiar with their contracts. I am counsel for several companies now, and have been for that period drawing contracts frequently and giving my opinion on them, and the suggestion that a man should write to a mill to buy 1,000 tons or 2,000 tons or 5,000 tons at a single purchase, and hope to get consideration from that mill, unless it had a surplus on hand at the time that it had not provided for, is ridiculous. Then, if you offered a higher price for that particular purchase from that particular mill, you could not get it from them if they had a regular customer that they had been in the habit of furnishing for a year, or 10 years. Mr. Norris spoke of the St. Regis Paper Co., in my county, for which I have been counsel at times. That mill produces approximately 100 tons a day, and has to-day a capitalization of \$4,000,000, and never turned out a ton of paper on an investment of \$12,500 per ton of capacity. It is very fortunate, indeed, if it ever turned out a ton of paper on twice that amount. He is wide of the truth.

Now that company has at least \$2,500,000 invested in the production of 100 tons of paper a day. One hundred tons of paper a day involves the employment of hundreds of men, directly and indirectly, in the woods, in the mill, on the road, and in its offices. If they get a man that will take 50 tons of that paper a day for six months, they know they can keep their force employed; they can buy supplies; they can finance their business with reference to it; they can arrange their storage rooms with reference to it. Do you ever think how much space it takes to store a hundred tons of paper? Does the gentleman think that paper is sold by the ton as apples are sold from a cart on a corner of the street? Not at all. Before it can be made, before this money is invested, before machinery can be made for the purpose of producing it, the mill must know where the paper is going, who is going to take it. You find a mill which is unprovided with customers for three months ahead and it is in the utmost distress. A mill so provided with trade for three months ahead would pay no more attention to Mr. Norris than a good, thick-hided cow would to a fly in July. And Mr. Norris knew that as well as anybody else. Paper is not sold in that way.

Another thing about it; the same courtesy extends through nearly every other trade to a greater or less degree throughout the entire line. If a company has been furnishing paper for a considerable period of time to a customer and there is a slight irritation or unrest on the part of the customer, so that he goes to another mill and wants to buy paper there to bring the first company to terms, the second company approached is not overanxious to get into the melee. If it gets in such a way as to disturb the trade unreasonably, it is liable to find the first company going to its customers, and so the competition is on so hard for the purpose of working revenge that there is not any profit or business in it. The trade in paper is not run that way. If you want to buy paper for a year or for six months or for three months, you immediately get consideration and you get the prices quoted to you from all over the United States, and you finally decide with whom you will trade.

Senator STONE. I want to ask a question at that point, if that St. Regis offer of 10,000 tons at auction—

Mr. BROWN. I do not remember; they may have had a surplus on hand; I can not say. There may have been some sharp competition at that time between them and other paper interests which made them do that. I would not say they never did it. I am simply telling you about the course of the trade. From time to time in the paper trade all sorts of things have been done. I am talking about the course of it under normal conditions. The paper trade in northern New York is composed of men that are the backbone of that community, who have not only provided for their own families, but when they die leave to charity or education handsome sums—men of intelligence, men of weight in the community. Yet from time to time some of those men may have been found violating the laws which prevent contracts in restraint of trade. That has been gone over, been thrashed out here in detail. The suggestion is you should treat this great trade, composed of men who have been as successful as any men in America in building up this great interest to supply the almost inexhaustible demand in as just a manner as any other line of trade that ever was built up under the splendid policy of protection as criminal. You are asked to treat them as Sodom and Gomorrah and destroy them, and destroy them because the ingenuity and industry of Mr. Norris have been able to dig up three or four violations of the statute against the restraint of trade. It is a perfectly absurd proposition. I do not think for a moment that it has the attention of this committee or will have the attention of Congress.

There is one line of trade, gentlemen, that is not susceptible of combination. It is a very stable organized industry, and it has been in modern civilization the backbone of the best nations; that is agriculture. [Applause.] They are not a Sodom and Gomorrah. You can not find even one among them that has been guilty of combination in restraint of trade. And yet they are no more worthy of protection than the paper manufacturers. They have never violated the Sherman antitrust law, because their trade was not susceptible of it.

If you pass this bill of course they think they are going to have cheaper paper. I do not think they are going to have it. If I were going to make a prediction I would say that it would so disorganize the trade that for a short time we might have cheaper paper, but it would result in a reaction as soon as it was perceived what was being done and a great industry being transferred to Canada; that immediately there would be another law passed and this done away with, and after that had been passed, according to the history of tariff legislation, then there would be a bitter feeling between this country and Canada, whereas now we have a good wholesome feeling. That is one of the worst features of this proposed measure. We are trading with them as we never traded before. They are buying of us splendidly. When it is repealed there will be a bitterness of feeling that will last for 25 years. You are not going to have a lower price in the future in either paper or farm products. You will have it for a year or two, and you will drive the men from the farms, and see an increasing number of abandoned farms; you will, in my humble opinion, through northern New York bring about a condition that it will take five years to recover from. And if the farms

are deserted so that production is largely decreased because it does not pay to produce, and Canada is able for three or four years to do what our people did in the West, take the first crops off the virgin soil and flood our eastern markets, the matter will have regulated itself, prices will be higher instead of lower to the American consumer after this period of depression, and general civilization having fallen backward for five or six years, so far as it is dependent upon general welfare, conditions will right themselves and progress will continue.

But why, when you have been doing well under a policy that you have pursued for 40, 50, or 60 years, menace these great industries?

I want to call the attention of the committee to what Congress has done—Democrats and Republicans alike—for this is not a party measure; how the Morrill bill, with its great appropriation of public lands to build up the farms, was passed; your protective tariff passed; the Secretary of Agriculture (you have no secretary of paper or secretary of any other industry in the United States) created, and all the State bureaus created, so that you might make of the farmer a self-respecting, progressive citizen, upon whom you could rely in the future as you had always relied in the past. And after you got him to a point where it seemed as if he were not going to abandon his farm and could send his boy to an agricultural school to be educated, why set that great part of your population back five years?

I could say much more in relation to this matter, but why say it? There is not a member of this committee who is not as well or better posted than I am upon every branch of this question, except possibly my contact with the community in which I live. A great community covering a third of the State of New York or nearly that; 1,500,000 absolutely dependent upon these lines of industry and watching with the greatest anxiety the action of Congress upon this question; not watching them because of the vague statements of Mr. Norris—they know better; they know what the effect will be; they know that that is all artificial, manufactured, and that the damage to them will be tremendous. Why the Congress of the United States should take such a step I can not perceive, nor do I believe that it will take it.

I thank you, gentlemen, for giving me your attention.

#### STATEMENT OF SENATOR STONE, OF MISSOURI.

Senator STONE. Before the next gentleman begins I wish to offer a motion. I want to put it in before the committee adjourns. I want to move, Mr. Chairman, that a subpoena be issued for Joseph A. Allen and Whitton Graham, constituting the firm of Allen & Graham, with offices at No. 11 William Street, New York City, directing them to appear before this committee on such a date as the committee may fix—I suggest Saturday or Monday next—bringing with them and producing before the committee copies of all literature, written or printed, that they or either of them have prepared or circulated in opposition to the reciprocity agreement with Canada or the so-called reciprocity bill. I desire when they appear to examine them under oath. I wish to say in this connection that Messrs. Allen & Graham are not attorneys at law. Mr. Hull stated that they were acting in the capacity of attorneys for some of the officers of the National Grange.

Senator GALLINGER. Before that motion is put——

Senator STONE. I am not through. They are not licensed or practicing lawyers. They are what are called, to use a polite term, "promoters," and have been frequently employed to promote matters of legislation. I have some questions I desire to propound to the gentlemen, and they will be interesting, some of them, to Mr. Bachelder and Mr. Hull, but while I do not ask that they be required to appear, at the same time I would be very glad to have them.

Senator GALLINGER. I would inquire, Mr. Chairman, if those gentlemen have been invited to appear before the committee? Why subpoena them if they are willing to appear voluntarily?

Senator STONE. I suggested some time ago that I desired their attendance, and I handed a memorandum to the clerk of this committee, or had it handed to him, with the request that he notify these gentlemen to appear and produce these papers. They have not appeared, nor do I know that they have been notified. Mr. Hull said he would have them here.

The CHAIRMAN. Mr. Hull was informed when you made the request, and my understanding was that he would notify the gentlemen. I do not believe the clerk of the committee sent them an official notice, it being understood that Mr. Hull desired them. My understanding was that he was to have them here.

Senator STONE. I have not heard of them since. Now, I presume, from what has been said, we are beginning to approach the end of this hearing, and before that time I would like for them to appear and bring that literature, and not appear here and say they did not know what was wanted. Hence I have stated very specifically what I would like to have them commanded to produce.

Senator McCUMBER. Will you please state that again, Senator?

Senator STONE. I wanted them to produce all literature; second, papers of any kind, whether written or printed, that they have either prepared or circulated, they or either of them, in opposition to this reciprocal agreement between the United States and Canada, or in opposition to the bill carrying it into effect.

Senator McCUMBER. I judged by your remarks that you desired to examine them on matters outside of this reciprocity matter, as you spoke of promoters, and so forth, and the reason I asked the question was because I did not understand why you wanted any correspondence that pertained to anything but this reciprocity agreement. I have an idea they will come here any time you fix the date.

Senator GALLINGER. I think it improper, inasmuch as other gentlemen have come here voluntarily, to single out these representatives of the National Grange. It is an offensive thing, as I look at it, and I think the committee ought first to ask these gentlemen to appear and bring these papers. If they refuse to do it, then issue the subpoenas.

Senator STONE. It is entirely immaterial to me, so they come and produce what I ask.

Senator GALLINGER. The point is, gentlemen have been waiting here two or three weeks, some of them. In that connection, I want to read a telegram from Mr. Bachelder, who will doubtless appear, if the Senator wishes him to, sent to me under date of the 14th.

(The telegram referred to will appear in the reprint of this hearing.)

At a later date Mr. Bachelder wrote me this letter:

(The letter referred to will appear in the reprint of this hearing.)

Here is the literature that Gov. Bachelder says has been sent out under the direction of the National Grange. I can not understand for the life of me why we are interrogating men as to what action they have taken against this bill. I have taken some action against it myself. I think every citizen of this Republic has a right to do that. Farmers are either for it or against it; if they are against it, they have a right to say so. If the Senator knows of any improper things that have been done, that is another question. Knowing Mr. Bachelder as I do, I am quite sure he has done nothing improper.

Senator STONE. I wish to say, first, as far as I am concerned, there is no newspaper man or anybody connected with a newspaper who has instigated anything that I have said or done up to the time I called attention to the matter here and in the Senate; no newspaper man has ever spoken to me on the subject. There is no question about "right;" but that is not involved here—any gentleman sending out any literature and making any arguments he pleases for or against this bill or this agreement. I simply want to ask some questions that I do not care now to ask of the Senator from New Hampshire; I prefer to ask them when the gentlemen appear.

The CHAIRMAN. Senator Stone, would it be satisfactory, in view of the fact that friends of the gentlemen have informed the committee of their willingness to appear, to have the clerk of the committee send them telegrams this afternoon asking them to be present next Monday with the documents and information mentioned by you?

Senator STONE. If they are here, and bring all the papers, that is all I want.

Senator SMOOT. I suggest that they be asked to answer whether they will or will not come.

Senator McCUMBER. Is it Senator Stone's question, whether or not this literature that has been presented here is all that has been circulated?

Senator STONE. I have not seen it.

Senator McCUMBER. Possibly, if the Senator would look it over, he would find in this literature all that he would expect to secure from them.

Senator GALLINGER. There is no objection, so far as I know, to the gentlemen coming here. Of course, the Senator's extreme familiarity with the doings of this firm has been at least suggestive, whether he gets information from the American Publishers' Association or somebody else. We may have some other subpoenas to issue if we go into this.

Senator STONE. I am utterly indifferent to that.

Senator CLARK. Do I understand the Senator from Missouri to state that there has been a manufactured opposition to this agreement?

Senator STONE. I am under that impression, very largely. I wish to say in this connection, however, that, so far as the gentlemen who came here from the far West, from the region of my friend from North Dakota, are concerned, they are in no respect involved in what I have in mind.

The CHAIRMAN. Is there any objection to an order being made that the clerk of the committee telegraph Mr. J. A. Allen and Mr.

Whitton Graham, of Allen & Graham, 11 William Street, New York City, requesting each of them, on behalf of the Finance Committee, to appear before this committee on Monday morning next, May 29, 1911, at 10 o'clock, and to bring with them copies of all documents or literature issued by their firm, or any member thereof, or any person under their direction, in opposition to the reciprocity agreement between the United States and Canada, or against legislation by Congress intended to ratify such agreement or enact it into law? Is that your request?

Senator STONE. That is all.

Senator GALLINGER. I agree that that be done, Mr. Chairman. I do not know that those gentlemen have been guilty of anything unlawful or improper.

Senator STONE. I am not intimating that they have been guilty of anything unlawful or improper.

Senator McCUMBER. Suppose they had been guilty of something unlawful or improper, in the opinion of the Senator, on matters that did not pertain to this question?

Senator GALLINGER. Of course we would not go into that; I do not believe that the Senator would.

Senator McCUMBER. The Senator stated that he wanted to ask them some questions on the matter of what was in this literature.

Senator STONE. I suppose any question I may propound will be answered then. Does the Senator desire me to make a list of the questions I intend to ask?

Senator McCUMBER. I think it would be hardly fair to bring them here to question them as to whether they have been promoters or something else. The committee would hardly care so much about that. If it was promoting this, I think they would say they had promoted it. There is no question about it.

The CHAIRMAN. If there is no objection, that telegram will be sent immediately, and they will be asked to answer.

Senator GALLINGER. Will you likewise have a telegram sent to Hon. N. J. Bachelder, saying to him that these gentlemen have been invited to be here on Monday, and suggesting that he be here?

The CHAIRMAN. A telegram will be sent to Mr. Bachelder, advising him of the action of the committee.

Senator LODGE. In that connection, I should like to have the name of counsel of the publishers' association.

The CHAIRMAN. As I understand it, a list of the association was furnished the committee by Mr. Norris, and is in the report. The name of the counsel does not appear. Mr. Norris is here, and probably can give you the name of the counsel—counsel of the Newspaper Publishers' Association.

Mr. NORRIS. I am not advised that they have any counsel. They have attorneys who present small advertising claims.

Senator LODGE. Well, let us have them; let us have their names.

Mr. NORRIS. I have not the slightest idea what their names are. I think there are a number of collection agencies around New York City that have those claims placed with them. I am quite sure that is not what is in the Senator's mind. I will give you a list not only of all the officers, but of every officer of every paper connected with the association, if that will cover the ground.

Senator LODGE. I do not care about the names of the publishers.



Mr. NORRIS. I can give you the names of the officers of every paper.

Senator LODGE. I do not want the officers of the papers; I want the officers of the association—who they are and who they employ to represent them here.

Mr. NORRIS. I am employed to represent them here; I have been here for a long time waiting the chance to be heard.

Senator LODGE. You were here last February, too.

The CHAIRMAN. What is wanted now is the names of the officers of the American Newspaper Publishers' Association, the president and directors.

Senator LODGE. The names of the officers. I want to get at the names of the people—the men who are the officers.

Mr. NORRIS. Those names were in the document I submitted yesterday. If they refer to the copy they will find those.

Senator LODGE. The officers of the association are not there in print.

Mr. NORRIS. They were not asked for.

Senator LODGE. Let us have them now.

The CHAIRMAN. Can you furnish the committee with the names of the officers of the Newspaper Publishers' Association?

Mr. NORRIS. I will furnish them this afternoon. If you will refer to the copy in the Government Printing Office, you will find them; but it was marked off so the printer would not copy them, because they were not asked for by the committee.

(The list later furnished by Mr. Norris is as follows:)

American Newspaper Publishers' Association, 903 Pulitzer Building, New York: President, Bruce Haldeman, Louisville (Ky.) Courier-Journal; vice president, Herbert L. Bridgman, Brooklyn (N. Y.) Standard-Union; secretary, Elbert H. Baker, Cleveland Plain Dealer; treasurer, William J. Pattison, New York Evening Post; executive committee, Hilton U. Brown, Indianapolis News; F. P. Glass, Montgomery (Ala.) Advertiser; Condé Hamlin, New York Tribune; C. W. Hornick, San Francisco Call; Charles W. Knapp, St. Louis Republic; Charles H. Taylor, jr., Boston Globe; John B. Townsend, Philadelphia Press; chairman of special standing committee, H. A. Kellogg; chairman of committee on paper, John Norris; manager, L. B. Palmer, World Building, New York City.

The CHAIRMAN. Mr. Hastings, have you anything else?

Mr. HASTINGS. Yes. Mr. Chairman, I now introduce Frank P. Miller, of Pennsylvania.

#### STATEMENT OF MR. FRANK P. MILLER, OF EAST DOWNINGTON, PA.

The CHAIRMAN. Will you state your name to the committee?

Mr. MILLER. Frank P. Miller.

The CHAIRMAN. Where do you reside?

Mr. MILLER. East Downington, Pa.

The CHAIRMAN. Will you proceed with your statement?

Mr. MILLER. I am secretary-treasurer of the Frank P. Miller Paper Co., which was incorporated in 1901; and we manufacture boards.

Boards have been placed on this list, and, of course, I can not understand why our business should be singled out among other manufacturers in the United States and be brought into competition with Canada. While I do not believe that all the boards in our

neighborhood will be manufactured in Canada, the greatest loss that we will have will be from the mills on news-print paper and other mills using pulp going into Canada—being driven out of their branch of the business and being converted over into the manufacture of board; and in that way the competition will be worse than it is to-day.

I commenced to manufacture paper in 1881, after serving an apprenticeship in railroad shops four years and being in the machine business for one year. I have worked all my life at it and have accumulated very little; and what is worrying me the most to-day is that the capital that I have saved and have all invested in the one plant being depreciated. Whenever a mill can not be operated at a profit, your capital is virtually lost.

In 1881 we manufactured half a ton of paper a day, and it was used for boxes and for bookbinders' use. Last week we made on a 24-hour run in our mill 49 tons and 300 pounds, simply showing the growth of this business. In 1907 we were manufacturing about 1½ per cent of the box boards used in the United States. To-day, I think, my proportion is only about 1 per cent. In 10 years the manufacture of box boards has doubled more than five times.

In other words, I think that 10 years ago probably not over 10 per cent of the box boards were being used that are used to-day. In all the years I have been making board the production, with the exception of two or three years at different intervals—I mean one year at two or three intervals in the thirty—that the demand has been ahead of the production; and we have been compelled to constantly rebuild, renew, change our mode of manufacturing, and cheapen the grade of board.

In 1881 we got about \$100 a ton for about the poorest grade of box board that was then produced. Our paper stock cost us \$20 a ton. The same grade of paper, or rather a paper that may be a trifle better, has sold within three months at from \$20 to \$21 per ton, with a cost of paper stock from \$4 or probably \$3 a ton, showing you that they reduced the cost of this paper very much during those years. We rebuilt our mill entirely seven years after it was first established, and are constantly renewing and adding to it every few years since.

A paper mill in my line, economically built, will cost about as much as it will produce in dollars' worth of paper in a year. In other words, a mill costing \$100,000 would produce \$100,000 worth of boards. Now, the wear and tear on these mills and the new improvements coming up from year to year make it necessary to spend about 10 per cent a year in renewals and improvements, so that we feel we ought to have 5 or 6 per cent on the money invested as interest. You can get that without being in the business. And you ought to take out 10 per cent a year and lay it aside or put it back in new machinery, or at the end of 10 years you will be absolutely out of business, because you can not produce paper at a price at which you can sell it.

In the last 10 years we have gone very little ahead of what will make these renewals. We put the present paper machine on which we are making these folding box boards, with dryers on it, in the first two or three years. We have rebuilt the wet part of that machine once, and last summer threw the entire wet part in the scrap pile and put it in entirely new. When we put this machinery in it

was the best-known machinery of the kind, new, built by the best builders in the United States. It was not second-hand stuff, gathered from other mills and rebuilt.

In regard to paper stock, it seems to have been the policy of our Government to try to conserve all the commodities. To-day there is only about 40 per cent of the paper manufactured and sent into the market that goes back to the mills to be made over; 60 per cent of it is wasted, burned, and going on the dump. The price of that old paper is so low that there is no labor in this country that could afford to gather it and sort it and ship it back to the mills.

I believe in protection for boards; I believe in protection for all manufactured articles, and for all farmers, and for everybody as nearly alike as it can be made, and I believe to put a duty on foreign paper stock it would be a benefit to paper makers who use old papers largely in the manufacture of their products. It would keep the price at a more even place, give employment to a large number of people, and would save a large amount of the 60 per cent of the paper which is now wasted, which is all available for paper stock and can all be used over again.

Senator CLARK. By "leaving this matter as it is" you would change that condition—you would get the proportion of the 60 per cent now wasted?

Mr. MILLER. We could not get it, sir, without the price of that commodity being raised in some way. They are wasting wood, grinding wood to-day which they would not have to waste or to cut if this old paper was brought into the market.

Senator CLARK. But, if I understand the logic of your argument, it is this, That you do not want any change made in the present conditions?

Mr. MILLER. No, sir; no change.

Senator CLARK. Well, if there is no change made are you going to avail yourself of this material which is now wasted?

Mr. MILLER. We can not unless you put more tariff on instead of taking it off.

Senator CLARK. It won't make any difference, then, in regard to that?

Mr. MILLER. No, sir; the wood is so cheap. Of course, as wood becomes more scarce, if it does, if that is the case, this old paper will be gathered with a very few dollars advance in price—gathered and saved, and will make quite a revenue for quite a large number of people that will gather it and put it back into the mills.

Senator CLARK. That had nothing to do with this proposed legislation?

Mr. MILLER. No, sir.

We have never had a strike in our mill. Our labor is contented. A number of them are in building and loan associations trying to pay for their houses. We have had a great many men working for us for a great many years, and we have gradually increased their wages all along the line, while the cost of paper has decreased. We did not pay a man in our mill in 1881 over \$1.25 a day; and to-day we have not a man in our employ averaging \$1.25 a day. Labor is higher and the experienced men are paid much higher.

We feel that we ought not to be singled out and our business destroyed by this reciprocity. If it is the policy of the Government

to have absolute free trade we will endeavor to accommodate ourselves to that; if it is tariff for revenue only we can probably accustom ourselves to that; if it is high tariff we prefer it, but you can not benefit my business without benefiting our town; and you can not injure my business without you injure the town. And the point I wanted especially to make was that we have kept up in all those years ahead of the consumption, and have every improvement that is made in the machinery that comes out. In fact, any mill that does not do that can not stay in the business for any length of time. We have run periods at a loss in preference to shutting down. The loss in our plant would be \$80 an hour caused by the production being cut off, by the breaking of a belt, and every possible expense cut off by the shutting down of a mill for a period would be over \$70 a day we would lose.

Senator GALLINGER. How many men do you employ?

Mr. MILLER. Between 60 and 70 we ran in 1900.

Senator GALLINGER. No matter; just state it in general terms.

Mr. MILLER. I will speak of another matter. We ran 308 days in 1909 and produced 8,628 tons of paper; in 1910 we ran 231 days.

Senator GALLINGER. That was a dull year, was it?

Mr. MILLER. Yes, sir. So that we can easily furnish the paper; and the minute there is a demand for paper there are mills built. We are suffering from overproduction now, and I say we have every year, with the exception of intervals of five or seven years apart, when we might have had one year when the demand was ahead of the production.

Senator GALLINGER. Making news paper?

Mr. MILLER. No, sir; making board—folding box boards and other box boards. We have what is called a combination cylinder machine. We make a great deal of board out of old newspapers.

The main thing we complain of will be that the conversion of mills that will go to Canada, the old plants being converted onto our grade of paper, and the wood-pulp board will be made in Canada and will come into our market. They make some board exclusively of ground wood—a thick board—and they can use that in what they call "set-up boxes." We take the old paper and line the outside with white paper, and take the place of that board now. If the duty is taken off of board, we believe it will come in. In 1907 there was rather more board being consumed than was made, and the importers in New York brought large quantities into the market and broke the price.

I thank you, gentlemen. I have nothing else to say.

Mr. ARTHUR C. HASTINGS. Judge Moore desires to make a correction in his previous statements.

The CHAIRMAN. Judge Moore, you may make the correction.

**STATEMENT OF JUDGE C. F. MOORE, OF NEW YORK CITY, REPRESENTING THE WEST VIRGINIA PULP & PAPER CO.—Resumed.**

Judge MOORE. It will require just a moment, if the committee will indulge me.

When I was making my statement a few days ago, I referred to the difference in the tariff on the supplies used by one of the companies engaged in the manufacture of book paper—the West Virginia Pulp

& Paper Co.—and stated that the difference in the tariff on those items between Canada and the United States was \$260,000 in one year, and that that amount in tariff had actually been paid. I find I was somewhat mistaken on that fact. About \$200,000 was actually paid tariff at the customhouse. The other \$60,000 was the estimated difference in the duty if we had bought the imported article, but did actually buy the domestic. I do not want to make any misstatement before the committee. However, we feel there would have been a difference if the tariff had not prevailed; but we have no objection to the protection on those supplies, provided that country which does not pay the tariff is not allowed to compete with us in the market.

I want also to correct a statement that was made yesterday by Mr. Norris. He stated that the West Virginia Pulp & Paper Co. had recently increased its capital stock \$10,000,000. He has not advised the company of that fact, and it knows nothing about it. Mr. Norris evidently confused a certificate which was granted to the company, allowing them, if they saw fit, at any time to increase the capital to \$20,000,000; but no such increase has been made nor is contemplated.

Senator STONE. When was the certificate granted?

Judge MOORE. Some months ago.

Senator STONE. About when?

Judge MOORE. I think it was last fall, perhaps.

Senator STONE. Yes?

Judge MOORE. I don't remember; but the purpose was simply to be in a position to issue additional stock any time we might need new capital without having to go through the preliminary process.

Senator STONE. To whom did you make the application for that?

Judge MOORE. Application was made to the secretary of state of the State of Delaware.

Senator STONE. The State of Delaware; and you were authorized to increase your capital to \$20,000,000?

Judge MOORE. They have that authority, but have not increased it.

Senator STONE. But you have not availed yourselves of the privilege?

Judge MOORE. We may have to, sometime.

Senator STONE. You say your company does not contemplate doing it?

Judge MOORE. Has no definite view of increasing it either \$10,000,000, or any part of it at present.

Senator STONE. Was there any tax to be paid for that certificate?

Judge MOORE. Yes; there was. I don't remember just what it was. At that time, perhaps, they did have some object which they purposed carrying out, and wanted to be in shape, but at this time they are not contemplating it.

Senator STONE. Oh, they abandoned that purpose?

Judge MOORE. There was no definite or fixed purpose then. They wanted simply to be in a position to put more money in.

Senator STONE. Were they paying a tax to the State of Delaware for a certificate of authority to increase their capitalization without any intention of using it?

Judge MOORE. I say there was some intention at that time, but no definite or fixed intention. It was contemplated, but there was nothing in a definite shape that was then planned; but the very

tendency of this treaty has had something to do with their going slower.

Mr. HASTINGS. Will you hear Mr. Ferguson, of the Appleton Woolen Mills, of Appleton, Wis., a manufacturer of woolen felts used in the manufacture of paper?

Senator STONE. Manufacturer of what, Mr. Hastings?

Mr. HASTINGS. Woolen felts—clothing.

**STATEMENT OF MR. W. I. FERGUSON, REPRESENTING THE APPLETON WOOLEN MILLS, OF APPLETON, WIS., MANUFACTURERS OF PAPER MAKERS' WOOLEN FELTS.**

The CHAIRMAN. Will you proceed, Mr. Ferguson?

Mr. FERGUSON. Mr. Chairman and gentlemen of the committee, in the first place permit me to say that I regret very much that the general manager of this firm could not be himself present. He would have been able to have given you figures and data which I am unable to give with any degree of certainty or accuracy. At the last moment, and he had but a few hours' notification, he requested me to come. I had but about an hour and a half to prepare myself, as we were misinformed in regard to the time of the committee's convening. I was instructed to be here at 10 o'clock Monday morning, and so I had to leave my home in Wisconsin after midnight Saturday night and arrived here Monday morning, and had no time to prepare myself with figures and data which I would have been very pleased to give you. Therefore I will be brief in stating my position in regard to this reciprocity matter.

As has already been said, the Appleton Woolen Mills, for which I am traveling salesman, and not related but in a salaried sense, manufactures paper makers' felts, a woolen fabric used exclusively on the paper machines. Two-thirds of the equipment of this mill consists of specially constructed machinery designed solely for the manufacture of these goods, and can not be used for the manufacture of any other known fabric. So, necessarily, we do view with alarm any measure that threatens the prosperity, if not the existence, of the paper mills, because with the paper mills we stand or fall. I do not, in referring to the probable results of the passage of this measure, with its resulting effect on the paper mills, like to use the word "disastrous" in speaking of its effect upon us, because it seems to me to be questioning the intelligence and patriotism of this committee and the Senate of the United States to assume that nothing would induce you to move against this measure except the plea of absolute disaster to any American industry. We are, however, convinced that inasmuch as the whole tendency of it is to drive the American mill out of business or out of the country—I say we are convinced of that; we can not see it in any other light—I feel justified in coming here and making a plea for you to vote against its passage.

Now, the Appleton Woolen Mills, as a unit, is not a vast aggregation; it does not employ a small army of men. It is a relatively small concern; at the same time it is a well-equipped, well-balanced, and I take pleasure in saying that I believe it is a model mill for the manufacture of these goods, as concerned in the relationship between the employee and the employer. As an employee, I can speak

of that without being charged with egotism. It might be interesting for you to know, in speaking of a model mill—I mean by that in relationship to its employees—it was the first woolen mill in the United States, when woolen mills worked 66 hours a week, to adopt a 60-hour week, and in inaugurating at the same time the Saturday half holiday. We were the first woolen mill in the country, and among the first institutions in the country, to adopt that plan. We also were one of the first institutions in the United States to adopt the profit-sharing plan, which was done some 10 or 12 years ago, and has been continued ever since; and I am pleased to say that these concessions came voluntarily from the management and without request or demand on the part of the hands.

It is relatively a small concern, employing something like 84 or 85 hands. Now, of course, this particular mill does not constitute all of the property of the Appleton Woolen Mills; this mill is the only one that is exclusively engaged in the manufacture of paper-makers' felt, the other properties manufacturing a full line of clothing. With that you are not interested.

The fact, however, that it is a small concern is not of any particular importance, because with respect to everyone concerned therein it constitutes the sum total of their present opportunity of earning their livelihood, and I am justified in coming before you and pleading with you to place the stamp of your disapproval upon this measure.

Senator GALLINGER. Are there other mills in the country producing the same kind of goods?

Mr. FERGUSON. Eleven domestic concerns produce these goods, and, permit me to say, the output is sufficient to meet the demand at present, and enough to insure a competition that will keep the prices down to a living margin for the manufacturer.

I say I am justified in making this plea before you, and in conclusion I will say that it is a safe proposition to let the lesser demonstration prove the greater; and as we are affected so are many other allied industries affected with the rise or fall of the paper industry.

Gentlemen, I thank you for your attention.

Mr. HASTINGS. Are you through, Mr. Ferguson?

Mr. FERGUSON. I was just put in mind of the motto of the Appleton Woolen Mills, which is this: "American wool, American labor, American felts for American paper makers." I am not familiar with the tariff conditions that our general manager could have gone into more fully, and I beg to be excused from going into them further than to say we had some trade with Canada from which we were debarred by the fact that some time ago Canada inaugurated a tariff law whereby the American felt manufacturer was compelled to pay 25 per cent ad valorem duty, while the British manufacturers' product was admitted on payment of 15 per cent ad valorem duty, and this caused us to withdraw our trade from Canada.

Mr. HASTINGS. Mr. Chairman, may I introduce Mr. Kellogg, who has just a few moments, and he will confine himself. He has some quotations he would like to present.

**STATEMENT OF MR. VIRGIL K. KELLOGG, OF WATERTOWN, N. Y.**

The CHAIRMAN. State your full name to the committee.

Mr. KELLOGG. Virgil K. Kellogg, of Watertown, N. Y.

The CHAIRMAN. What is your business?

Mr. KELLOGG. By profession, I am a lawyer, which I practice somewhat. I am also, unfortunately, secretary of two paper companies and attorney for certain others, and I represent likewise one of the largest paper-mill machinery manufacturing concerns in America; and also, speaking for a rural community, born upon a farm, member of the agricultural society, coming from the location of the biggest local cheese sales market in the world; and in behalf of all these allied interests I desire to protest against the ratification of this treaty as undermining all of these industries and, above and beyond all that, undermining American manhood, because it attempts to set the seal of approval of the United States Senate upon an unfair agreement.

I present the petition of the Three River Paper Co., of Phoenix, N. Y., and its employees; of the Granby Pulp & Paper Co., of Fulton, N. Y.; of the Oswego Falls Pulp & Paper Co., of Fulton, N. Y.; the Crescent Paper & Machinery Co., of Phoenix, N. Y.; the Sweet Bros. Paper Manufacturing Co., of Phoenix, N. Y.; the De Grasse Paper Co., of Pyrites, N. Y.; the Diana Paper Co., of Harrisville, N. Y.; the Hannawa Falls Pulp & Paper Co., of Potsdam, N. Y.; the Hinckley Fiber Co., of Hinckley, N. Y.; the Taggerts Paper Co., of Watertown, N. Y.; the Newton Falls Paper Co., of Newton Falls, N. Y.; the Brownville Paper Co., of Brownville, N. Y.; the Brownville Board Co., of Brownville, N. Y.; the Island Paper Co., of Carthage, N. Y.; the Ryther & Pringle Machine Co., of Carthage, N. Y.; the West End Paper Co., of Carthage, N. Y.; the Carthage Machine Co., of Carthage, N. Y.; the Carthage Tissue Mills, of Carthage, N. Y.; another petition from the Island Paper Co.; the Champion Paper Co., of Champion, N. Y.; the Le Roy Paper Co., of Carthage, N. Y.

The CHAIRMAN. The petitions will be entered by their titles and filed.

Senator GALLINGER. You speak of these petitions—are they in the nature of protests?

Mr. KELLOGG. Protests and remonstrances—petitions to the delegation from New York in the Senate and in the House of Representatives to use their utmost endeavors to prevent the ratification of this treaty.

I had not designed, Mr. Chairman, to have said anything in the discussion of this question. So much has been said and so well said that it seems unnecessary for me to take even a moment of your time; but one or two matters have occurred to me which perhaps might shed some light and benefit all the members of the committee, and especially the venerable Senator from Missouri, and that is that in the paper manufacturing industry the personal equation of the superintendent and the personnel of his corps of assistants, the organization which the superintendent is enabled to build up and complete, has more to do with the efficient and successful prosecution of the enterprise than in almost any other industry in the world. This is true because of the great variety of labor that has to be performed in the several departments and the great dissimilarity of work per-



formed by the various employees. In order to successfully prosecute the industry the man in charge must not only have a diversity of talents but great executive ability.

I can well illustrate by the unfortunate history of one of the companies with which I am now connected; and I may say unfortunately connected almost entirely from the relation which my name bears to the back side of divers promissory notes which have been negotiated with certain all-too-liberal financial institutions. We started 15 years ago—the company did; I had no connection with it at that time—with a timber tract in the Adirondack Mountains of 20,000 acres. It lay on both sides of the Oswegatchie River. Upon this river and on this tract there was a splendid waterfall. The tract was covered with a luxuriant growth of black American spruce. The waterfall was at the lower side of the tract. It was an ideal site to build a mill. The land was rare in that it produced such a splendid growth of timber. Everything seemed to concur in making an ideal environment under which to create a mill. We went in there. There was a young man, old in the paper-making industry, who inspired certain men with money to make investments in this proposition. He had been successful in other lines of the paper-making industry. Sufficient money was put in to erect a mill, and in the erecting of the mill they purchased the latest devices that American ingenuity had embodied and incarnated in paper-making machines.

The land so sloped that you could virtually fell the timber into the river and float it right down to the door of this mill, as was done. We had a gentleman for general manager of the company who was as near the counterpart of the main head and active representative of the American Newspaper Publishers Association as I have ever seen. He had every statistic; he knew every market; he knew every manufacturer; he knew every element of cost that entered into the product of paper, and the company gave him full swing. It cut him loose and said, "Go ahead," and one day it woke up with its bank balance gone, and there was something there in red ink. Its paper was dishonored, and men who had spent long years in the accumulation of property that they had hoped to transmit to their progeny found bankruptcy staring them in the face because of obligations that they had incurred at the suggestion of this theoretically efficient manager. They had had meetings and received and read reports and everything had seemed to be going along except that no dividends came in, until the rude awakening took place.

After that we went into a complete and thorough examination of the company and its affairs. We employed careful accountants and experts. From that investigation we were compelled to acquit everyone from any suggestion of dishonesty or intentional wrongdoing. It appeared that the manager had had splendid superintendents, but something had been continually wrong, either the production was down or the quality was down, or the wood was not furnished in sufficient quantities and at the proper time, or its furnishing was too expensive. When the wood was gotten there all right the quality of production was found to be poor, and when they got the quality of production up the quantity of production was down, and so it went. It was an up-to-date mill and apparently everything was there that ought to have been there, and we simply concluded that there was not a concurrence of the elements of management, superintendency, and

efficiency and the other necessary elements to successfully prosecute the business.

Senator CLARK. That is true of all manufacturing industries, is it not?

Mr. KELLOGG. Every one of them.

The idea seems to have pervaded the country, especially that portion of it which deems itself the principal part of the country—the newspapers—and to have crept in here and found lodgment in the minds of members of this committee, that paper can be manufactured and produced at various places or in various mills in the same place, at a uniform price. Nothing is further from the fact. You can not manufacture paper mills and start paper-mill industries in bulk and cut off a chunk that will manufacture so many tons for one place, and another chunk that will manufacture so many tons for another place, and another chunk of the same size and whose machinery is propelled by the same power for another place, and say that the product of the one should, in amount, quality, and quantity of production, be equal to the other, even though the cost of raw material is identical. And whenever you see two paper men who say that their cost of conversion is identical, I want to say to you that there is something either miraculous or fictitious in their cost sheets; in my judgment, it is the latter.

Neither can it be said that because a mill produces a large amount of paper it can produce it at a lower price than a mill producing a small amount of paper. It is my judgment, based upon the statement to me of a very great many veteran paper-mill men and likewise upon my own experience in connection with paper-mill industries, that a small mill, superintended by a man who is financially interested in the enterprise, will ordinarily produce its output at a less price per ton than a mill not so superintended, no matter how large it may be, and ordinarily we should expect that the larger the mill the greater the cost per unit of production.

The Senator from Missouri yesterday called attention to the final paragraph on page 27 of the report of the Tariff Board as warranting a contrary conclusion. As an absolute refutation of the conclusion which he seeks to draw, I invite his attention to the experience of the Canadian paper manufacturers, as expressed on page 35 of the same report. As appears from the final paragraph on that page, the mill of the small production—a mill which produced but 6,950.4 tons per annum—almost the identical amount of production of the small mill which manufactured at the maximum cost in the American table, produces its paper at the minimum cost of \$24.97 a ton.

And this suggests another experience of my own. A young man had grown up in a paper mill. He had begun at the lowest rung of the ladder; he had worked up through and he had demonstrated his capacity and fitness to be a superintendent; he had worked successfully and had a fair wage as superintendent of a fiber manila-board mill; he had been employed at a very large wage and had made good in a news-print mill, and he was recognized and acknowledged among the "talent" as being an all-around successful and up-to-date paper-mill man. A paper mill was to be sold in the city of Watertown. This man had accumulated some money, and another gentleman who had been eminently successful in various branches of paper manu-

facture and in operating plants, came with him to me and they said, "Let us go into this proposition and make paper." I inquired, "Is it going to be successful?" They replied, "Assuredly." And these two deans of the paper-making fraternity went again and looked the premises over carefully and they said, "It is certain to succeed." So we went in, and this man of approved efficiency took charge of it, and the result was that instead of being characterized by success it gradually started down the slope toward absolute failure.

In the meantime, this St. Regis Paper Co., whose name has been mentioned here with so much of commendation, and which is worthy of commendation, was in need of a superintendent, and heard that our man, who was unsuccessful at our mill, could be secured for that position; and they came and offered and paid him \$10,000 to take the superintendency of their mill, and he went; and behold, what did he do up there? At the time he went there their production was 113 tons per day. By his attention alone, without increasing the pay roll or any other extra expense except for raw material, he increased the daily production of the St. Regis Paper Co. mill to 145 tons per day, about the production of an \$80,000 paper machine. And while his going was very much of a blessing to the St. Regis Co., it was really a godsend to us, because we went out and got a young man for much less wage than we could afford to pay the first man, and he has put our mill on a paying basis, improved the quality of our output, and given us every hope of success.

This shows that you can not figure the operation of a paper mill as you can an apple woman and her basket on the corner. The most we can say is that one man succeeds and another fails, and it is due largely to the inherent qualifications of the captain in charge. No one can tell why all the Union commanders aborted in their efforts until Grant took hold of the helm, but they did. They were all splendidly educated; they could all fight splendid battles on paper, but they all lacked that indescribable something necessary to success, which Grant had in so marked a degree.

This world seems to be full of men whose principal employment consists in telling other people how to run their business. They appear to be eminently better qualified to direct other people's enterprises than they are their own. The gentleman who appears for the American Newspaper Publishers' Association seems to be a conspicuous example of that class. At the risk of inconsistency, I would like to suggest to him and to those whom he represents through him, what I believe would be for their best interests.

In the first place, I believe that the interests of the paper consumer and the paper manufacturer are and ought to be mutual; that the best thing that can happen to the paper consumer as well as to the paper manufacturer, is that they have the benefit and advantage of a steady market—that is, a market wherein the price is steady and practically uniform and the product is uniformly sufficient to supply the demand. It is not necessary to have a combination of either manufacturers or consumers to produce this result. It will not be necessary to conspire to defeat the ends of the Sherman law, either by the paper-mill men or the newspaper men; and I want to say right here that the coalition which the gentleman represents is as thoroughly a violation of the spirit, if not the letter, of that act as

any coalition or trust that was ever formed, and it has been characterized by as wanton, vindictive, and despicable attacks upon a great industry, in which thousands of honest men have invested their money and which gives employment and support to hundreds of thousands of people, as industrial history discloses.

The gentleman ought to know, and I believe he does know, that no combination among news-print paper manufacturers can be made which can oppressively uphold the price of their product to the injury of the newspapers. The gentleman knows that just one paper mill operated in the East, which would refuse to join in the coalition, could absolutely thwart its ends, so far as the eastern news papers are concerned, and the gentleman also knows that such a mill could be built and set in operation for a very small proportion of the amount which he says, with such apparent relish of the figures, has been extorted from his clients, and that the same would be true of the Middle West and of the remote West. Why doesn't he and his clients build paper mills and supply their own journals with their own manufacture of paper? They have the money to do it and they would control the market, so far as their own papers are concerned. Newspapers do that in other countries. The great Parisian journals have their mills, and it is within two years that Lord Harmsworth's daily papers have inaugurated great mills to supply themselves with the paper which they need.

And I want to say further that I do not believe that the gentleman is going to decrease the cost of paper to his consumers by breaking down the American manufacturer's paper. Said a leading Canadian manufacturer to a friend of mine just the other day and since this hearing was inaugurated before this committee, "There isn't any doubt but what the reciprocity treaty is going through in my mind. The moment it is ratified at Washington it will be at Ottawa, and we Canadian manufacturers are going to reap the benefit of it. We have got at least \$5 a ton advantage of you in wood and we are going to control the market. Don't let John Norris or Herman Ridder think that they are going to get the advantage of it. I am going to take that \$5 a ton on all the paper I sell myself for the benefit of my stockholders."

It seems clear—it is an economic conclusion which seems beyond refutation—that the manufacturer in Canada who has the benefit of the cheap wood, of the unprotected felts, wire, and other clothing, will be enabled to so control the market as to put his American competitor completely at his mercy, and that will be mercy of the American Newspaper Publishers' Association brand.

Now, one word in regard to the paper-machine manufacturer, and another emphatic reason why this proposed international legislation is unfair. It has been said here that the machinery which manufactures paper in Canada is made in the United States. I will grant that a very large portion of that now used there was made in the United States, but a new condition exists. The American Newspaper Publishers' Association and their most agile head are not alone in discovering the possibilities of paper manufacturing in Canada. They have no patent or copyright or discoverer's title of that country. The English manufacturers of machinery have discovered it as well, and they have not only discovered it but they have gone a long ways toward taking possession of it.

We have heard here, and it is not disputed, that the cost of transportation of the wood necessary to make a ton of paper, from Canada to the mills of the United States, is four or five, or even more, dollars greater than is the cost of transportation of the manufactured paper from the Canadian mill to the market in the United States. It necessarily follows, then, that if the production of the Canadian mill is admitted to our markets—concededly the best market in the world—free of duty, the paper mills which manufacture the paper for newspapers of this country are hereafter to be erected in Canada. The negotiators of this treaty seem to have entirely ignored this fact, because, while they provided for the introduction of Canadian paper into this country free, and while not one element of a paper machine is manufactured in Canada, they apparently approve of the Canadian tariff of  $27\frac{1}{2}$  per cent on American-made paper-making machines.

In the name of all the gods of fairness at once, if you want to be reciprocal in your relations, why do you extend an open American market to Canada for its paper and not insist to Canada that she shall open her markets for our machines wherewith to manufacture paper?

Let us examine this question briefly and a little further. Probably the most successful manufacturer of paper machines in England is Charles Wamsley & Sons, of Bury, a suburb of Manchester. He is so situated that he practically has an all-water route from his factory to Quebec and Montreal. He has sent out to America and procured for his head draftsman a man who acquired his training in one of our largest paper machine manufacturing establishments. Mr. Wamsley's rate of wage is about 50 per cent of what the American manufacturer pays, and when he knocks at the Canadian door with his manufactured article, as he has successfully done on many occasions of late, the tariff charge which confronts him is  $12\frac{1}{2}$  per cent, as against the  $27\frac{1}{2}$  that we are compelled to pay.

Within three months he has taken one order from Messrs. Price Brothers, of Quebec, for a mill to be erected at Joncaire, in that Province, for three machines to be delivered at Quebec, f. o. b. for \$225,000. Under this arrangement of course he pays the tariff, which at  $12\frac{1}{2}$  per cent would be \$25,000, leaving the price of the machinery at his shops, plus the transportation to Quebec, \$200,000. Upon the same basis an American manufacturer would have to pay \$55,000 duty, or \$30,000 more than Mr. Wamsley, and when you come to consider again that Mr. Wamsley's wage is 50 per cent less than ours, you see readily that we do not stand very much show, especially as his freight from Bury to Quebec by water would be less than any American manufacturer would be compelled to pay for shipping to the same point by rail.

The only way that we could compete would be to take it out of our labor. The elements that go into a paper machine are American steel and iron and American labor. Perhaps we could induce the producer of the steel and iron to sell his production for less price and take it out of his labor. Neither the people whom I represent nor any other manufacturers are going to do business at a loss, so that we are going to either stop doing business or screw down the employees who are now deriving the wages which support their families to a lower rate of income. And I say it is not fair for one industry in America to

ask to have the tariff protection and bulwark behind which another industry has been built up to be so demolished and stricken down and lowered that the people who have been educated in it, whose lives partake of it, shall be thrown out of their means of livelihood and the wives and families dependent upon them shall be deprived of their sustenance.

It is true, as the venerable Senator from Missouri has suggested, that most of the machines used to make paper in Canada were made in America. This is so because in the inception of the industry there the men who started the mills, the men who superintended the mills, and many of the men who worked in the mills were either of American birth or had had their education in American mills.

Within a year eight great paper machines, made at tremendous cost, have been purchased in England by Canadian manufacturers. I can give you the names of some of them. An order has been given for two 132-inch machines by the Wayagamack Paper Co., of Three Rivers, Quebec, to Bentley & Jackson, likewise manufacturers of Bury. The St. Lawrence Paper Co., of Cornwall, have had a very large Bentley & Jackson machine in operation for several years, and have recently given the same firm an order for another large machine.

With the Canadian tariff against the United States-made machine removed, despite the disparity of wage in the machine shops of England and the United States, I am confident that we could successfully compete for the Canadian trade. As it is, however, I believe it has completely passed into English hands, and I fear that the great amount of money that ought to be distributed among the highly educated, highly paid, and intelligent artisans who work in the American machine shops will be transferred, against the law of nature and neighborhood, across the seas to the pockets of the English manufacturer, because the English manufacturer is going to put the increased profit in his own pocket and is not going to increase the wage of his employees.

I thank you, gentlemen.

The CHAIRMAN. The committee had probably better adjourn now until to-morrow morning.

Mr. HASTINGS. I would like to go on myself at that time, if I may, and other gentlemen may be here.

The CHAIRMAN. There will be no objection to that. Then the committee will stand adjourned until 10 o'clock to-morrow morning.

(And thereupon, at 1.15 o'clock p. m., the committee took an adjournment until 10 o'clock to-morrow, Friday morning, May 26, 1911.)



**FRIDAY, MAY 26, 1911.**

**UNITED STATES SENATE,  
COMMITTEE ON FINANCE,  
WASHINGTON, D. C.**

The committee met at 10 o'clock a. m., Hon. Boies Penrose in the chair.

Present: Senators Penrose (chairman), Lodge, McCumber, Smoot, Gallinger, Clark, Heyburn, Bailey, Simmons, Stone, Williams, Johnson.

The committee thereupon proceeded to the consideration of H. R. 4412, an act to promote reciprocal trade relations with the Dominion of Canada, and for other purposes.

The CHAIRMAN. The committee will be in order. Mr. Hastings, I believe you are to start this morning.

**STATEMENT OF A. C. HASTINGS, PRESIDENT AMERICAN PULP  
AND PAPER ASSOCIATION, NEW YORK.**

Mr. HASTINGS. Mr. Chairman and gentlemen, I will not pretend to make any extended talk on this subject because I think it has been gone over very thoroughly, but I wish to go on merely for the sake of filing some correspondence which I have in hand, and also put myself in a position to answer any questions which the committee may desire to ask and to deny some allegations made by the representative of the newspaper association.

Since 1898 the American Newspaper Publishers' Association has been hammering at the doors of Congress to have the duty taken off of paper and pulp, and at every opportunity this association has made demands, backed by their members who publish newspapers, saying that if they were not taken care of by special legislation they would make it difficult for those Members to be returned to Congress. The Mann investigating committee made an exhaustive research into the cost of manufacturing paper, and finally made a report recommending a duty of \$2 per ton on news-print paper as representing the difference in cost between Canada and the United States, but, intentionally or otherwise, carefully leaving out the difference in cost of the raw material, which to a large proportion of mills in the United States is wood.

Under the Payne-Aldrich bill, with which you gentlemen are, I believe, fully conversant, the duty was fixed at \$3.75 a ton. The President in a public speech declared that \$4 a ton was not unjust, and that it did not represent any more than the difference in cost of manufacture between the two countries. We have been investigated by the Tariff Board, which has gone into the paper business more



fully than has ever been done before in any country in any industry. In the final report of this commission the difference in cost of production between the two countries was stated to be \$5.35 per ton. But, under this proposed treaty, all this information is proposed to be cast aside and the facts ignored. This can only be explained by the plea that the publishers of newspapers are entitled to different treatment than other manufacturers in the United States because of their selfish desire to get cheaper paper, and they propose to put the paper industry in a chaotic condition and care nothing about other industries. The whole proposition is unfair and not along the lines of tariff for protection or tariff for revenue, and can only be defended on the ground that the buyer of news-print paper should have such special legislation.

The preliminary report of the United States census for 1909 shows that the paper industry has kept up with the demand in the way of production, and while the total cost of production has increased enormously the prices at which paper is sold have increased 10 per cent, and that in 10 years the output has increased about 140 per cent. Capital has freely invested in this business, expecting the same treatment from the Government as any other industry, and there is no reason why they should not have it. From the standpoint of the paper industry in general, as against the manufacturers of news-print paper, you must remember that the effect of this proposed treaty must be disastrous to manufacturers of any kind of paper and pulp, and would lead to the annihilation of many plants in the United States. The far-reaching effect of the transfer of this business to another country is hard to foresee, but within the last six months there have been bought in England many hundreds of thousands of dollars worth of paper machinery for installation in Canada which, under an assured protective tariff, would have been bought in the United States for plants to be erected in the United States.

In Sault Ste. Marie, Mich., there is to-day a plant organized and money paid down for the purchase of property, where they propose to build a paper mill and pulp mill. They are actually waiting to-day for the determination of Congress as to the passage of the reciprocity bill to decide whether this plant shall be built on the Canadian side or in the State of Michigan. The mill is going to be built, so that there is no question as to the supply of paper coming into this market. It is a question whether it is to be built in Canada or in the United States. Under the proposed treaty it would be more advantageous to have the mill in Canada; otherwise it would be built in the United States. And that course may be going on in many different places as well.

There are the following locations which are waiting for information as to the passage of this bill: At Penobscot, Me., there is a pulp mill which talks of putting in a paper mill in conjunction, which will not be done if this bill passes. Other places are West Enfield, Me.; Solon, Me.; Wayne, Me.; Skowhegan, Me.; Rumford Falls, Me.; and Plattsburg, N. Y. In the State of Washington there is the undertaking of N. M. Jones; there is a plant projected by J. W. Farwell in the South; and there is a pulp mill contemplated on the Hudson River. The Bayless Pulp & Paper Co., of Binghamton, N. Y., had planned to make a large increase in its plant.

In connection with the Bayless Pulp & Paper Co., I want to read a letter dated May 8. Mr. Bayless is in Canada and unable to be present.

BAYLESS PULP & PAPER CO.,  
Binghamton, N. Y., May 8, 1911.

MR. HENRY W. STOKES,  
Care York Haven Paper Co.,  
1304 Land Title Building, Philadelphia, Pa.

DEAR MR. STOKES: Your favor of May 6 is noted on my return here from our Austin, Pa., mill.

I am leaving for Quebec, where I have appointments which can not very well be postponed, and therefore will be unable to attend the meeting in Washington.

It seems to me that the President has the power, and will exercise it (in spite of any and all protests), to put through the Canadian reciprocity measure. The result of this reciprocity discussion and that of the tariff proposition in general is seen in the demoralized conditions prevailing at present in most lines of business. So far as the paper industry is concerned, the majority of the mills are now running on part time, and piling up stock at that.

Compared with costs, prices are at their lowest record, so that in many instances production is being placed at cost or even less.

Under the Payne tariff very large quantities of pulp and paper are being regularly imported from Canada, because the Canadian mills can afford to sell in this market under the Payne tariff by reason of very material advantage in the cost of production.

As regards the paper schedule, under the proposed reciprocity measure, the paper manufacturers of the United States obtain nothing which they do not have already, but apparently an industry representing the total investment of several hundred millions is to be destroyed. All sorts of papers, up to low grade writings, are to be admitted free of duty, with the certain result that many plants must be driven out of business or will be compelled to move out of the country.

Fortunately, this company has some 650 square miles of spruce lands in the Province of Quebec, about two-thirds of which are freehold lands. We had our plans all made to increase our Austin plant about 30 per cent by additional investment of some \$300,000. It was planned to have the new work completed by July or August of this year, but under the circumstances we stopped all work before it was barely started.

We are now about to develop a water power of 9,000 horsepower on our Canadian property, and will get in shape for a forced moving day. It is this business that takes me to Canada at the present time.

With personal regards, I remain, yours, very truly,

GEO. C. BAYLESS, *President.*

The day the governor of Michigan appeared before this committee in favor of reciprocity, he quoted Mr. Frank Fletcher, of Alpena, Mich., as being the only manufacturer of paper in Michigan in favor of it. In this connection I desire to read a dispatch which I have received from Mr. Fletcher:

ALPENA, MICH., May 22, 1911.

A. C. HASTINGS,  
New Willard, Washington, D. C.:

Reciprocity should go through. If it is to be a just measure the paper and pulp clause should not go into effect until the Provinces have removed their timber restrictions. This was the original intention of commissioners and State Department and as given out, and now is the time to receive something for something given in the long run. The newspapers will gain nothing by seriously crippling the manufacturers.

FRANK FLETCHER.

As he was very widely quoted as telegraphing the President—and the newspapers telegraphed that information all over the country—I desire to put that in for that reason.

I should also like to file a letter dated March 4, 1910, from the American Newspaper Publishers' Association, which I will read:

AMERICAN NEWSPAPER PUBLISHERS' ASSOCIATION,  
904 Pulitzer Building, New York, March 4, 1910.

DEAR SIR: Two facts should be brought to your attention:

1. The Province of Quebec announces that it will cut off the supply of pulp wood from its Crown lands to American print-paper mills after September 1, 1910.

2. During the present month the Department of State and the Tariff Board will negotiate with Canada respecting tariff adjustments.

May I ask if you can write to your Senators and Representative in Congress and urge upon them to prevail upon Secretary Knox and the President to arrange with Canada for insuring a full and free supply of pulp wood to American mills in order that the American mills may not be transferred to Canada?

Yours, faithfully,

HERMAN RIDDER,  
President American Newspaper Publishers' Association.

Senator HEYBURN. What is the date of that?

Mr. HASTINGS. March 4, 1910. Here is another letter from that association:

AMERICAN NEWSPAPER PUBLISHERS' ASSOCIATION,  
904 PULITZER BUILDING,  
New York, September 27, 1910.

DEAR SIR: May I ask you if it would be possible to obtain from the candidates for Congress in your section some assurance that they will favor the immediate adoption of a reciprocity agreement with Canada and Newfoundland whereby the American paper mills may obtain pulp wood free of all export restrictions by those colonies in exchange for the admission of their news-print paper into the United States free of duty? This program, so far as it applied to Canadian Provinces, was recommended by the special committee of the House of Representatives, of which Mr. Mann was chairman. The bill prepared by Mr. Mann is now in the pigeonholes of the Ways and Means Committee. I inclose copy of it.

Will you kindly advise me of the results of your canvass of Congressmen?

Yours, faithfully,

HERMAN RIDDER, President.

I want to call your attention to the bill H. R. 12314, which I will read:

[H. R. 12314, Sixty-first Congress, second session.]

A BILL To encourage and promote commerce between the United States and the Dominion of Canada.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That for the purpose of encouraging and promoting commerce between the United States and the Dominion of Canada wood pulp and printing paper shall be admitted into the United States free of duty when imported from the Dominion of Canada, being the product thereof, on the condition precedent that neither the Dominion of Canada nor the Province or other subdivision of Government thereof, where the same is in whole or in part produced or manufactured, and from which it is imported into the United States, forbids or restricts in any way the exportation of (whether by law, order, regulation, contractual relation, or otherwise), or imposes an export duty, export-license fee, or other export charge of any kind, either directly or indirectly (whether in the form of additional charge or license fee or otherwise), upon printing paper, mechanically ground wood pulp, or wood used in the manufacture of wood pulp.

Senator HEYBURN. Who introduced that?

Mr. HASTINGS. This was introduced by Mr. Mann in the House. It was recommended by the Publishers' Association as being what they wanted at that time, which was in 1910.

Senator HEYBURN. You read 1909.

**Mr. HASTINGS.** The bill was 1909, but the letter requesting that that bill be brought out is dated September, 1910.

**Senator HEYBURN.** The reason I asked is that during an earlier stage of this examination I inquired as to that subject matter, and someone made the assertion that at no time prior to 1910 had the subject been under consideration.

**Mr. HASTINGS.** That is wrong.

**Senator HEYBURN.** I knew it was wrong, but I wanted this testimony to point the fact that it was wrong.

**Mr. HASTINGS.** I now want to call attention to a letter of January 24, 1911, which was two days before the President's message was given to Congress with reference to this reciprocity pact.

AMERICAN NEWSPAPER PUBLISHERS' ASSOCIATION,  
904 PULITZER BUILDING,  
New York, January 24, 1911.

**MY DEAR MR. WILLIAMS:** For your confidential information, I take pleasure in advising you that the negotiations of the United States Government with Canada provide for the admission of print paper and wood pulp free of duty when made from wood cut on private lands or free from restrictions of exportation.

If ratified by Congress, this arrangement will immediately and automatically insure a full supply of print paper free of duty, and will exert a pressure upon the provincial authorities which will ultimately force them to remove their restrictions on exportation of pulp wood. The advance thus for made is a matter for mutual congratulation among members of the association.

Yours, faithfully,

HERMAN RIDDER, *President.*

Two days before the manufacturers of this country, representing an investment of \$300,000,000, knew anything about what was to be done the users of this paper sent out confidential information about what had been arranged. The manufacturers of paper were not asked in regard to this matter, were not consulted as to what they wanted or as to what they needed. I claim, gentlemen, that this inside information is hardly fair to the manufacturers of this country.

AMERICAN NEWSPAPER PUBLISHERS' ASSOCIATION,  
903 PULITZER BUILDING,  
New York, January 27, 1911.

*To publishers:*

The reciprocity arrangement which has just been negotiated by representatives of the United States and Canadian Governments provides for the admission of news-print paper and wood pulp free of duty from Canada when made from wood cut on private lands or wood free from restrictions of exportation. Congress and the Canadian Parliament must ratify it before it can become effective.

Users of print paper have a direct and immediate interest in securing this relief from combinations of paper makers which have been taxing publishers to the extent of \$5,000,000 per annum. Free print paper from Canada should reduce print-paper prices promptly and materially. The reciprocity arrangement is urged also on the broad lines of conserving our forests and of removing a tax upon knowledge.

Will you not promptly communicate with your Senators and Representative in Congress and urge favorable action?

Yours, faithfully,

HERMAN RIDDER, *President.*

**Senator HEYBURN.** The date of that?

**Mr. HASTINGS.** January 27, the next day after the pact was proposed. January 28 there was a regular circular letter or bulletin, No. 2361, "B Special," which I will not read, but would like to put into the record. That is from Mr. Norris, I think.

The circular referred to is as follows:

BULLETIN No. 2361.—"B" SPECIAL.

FREE PAPER ON THE RECIPROCITY AGREEMENT.

NEW YORK, January 28, 1911.

The clause of the proposed reciprocity agreement with Canada reads as follows:

"Pulp of wood, mechanically ground; pulp of wood, chemical, bleached, or unbleached; news-print paper, and other paper and paper board, manufactured from mechanical wood pulp or from chemical wood pulp, or of which such pulp is a component material of chief value, colored in the pulp or not colored, and valued at not more than 4 cents per pound, not including printed or decorated wall paper, free.

"*Provided*, That such paper and board, valued at 4 cents per pound or less, and wood pulp, being the products of Canada when imported therefrom directly into the United States, shall be admitted free of duty on the condition precedent that no export duty, export license fee, or other export charge of any kind whatsoever (whether in the form of additional charge or license fee or otherwise), or any prohibition or restriction in any way of the exportation (whether by law, order, regulation, contractual relation, or otherwise), directly or indirectly, shall have been imposed upon such paper, board, or wood pulp, or the wood used in the manufacture of such paper, board, or wood pulp, or the wood pulp used in the manufacture of such paper or board.

"*Provided, also*, That such wood pulp, paper, or board, being the product of the United States, shall only be admitted free of duty into Canada from the United States when such wood pulp, paper, or board, being the products of Canada, are admitted from all parts of Canada free of duty into the United States."

This draft is entirely satisfactory to publishers. It will provide for the immediate entry of print paper and wood pulp from Canada. The snarl with the Provinces of Canada has been completely avoided by an entirely new turn to the stipulations, which now follow the wood, not the Province. If wood is free from restriction, such as wood from private lands, the products of that wood will come into the United States free of duty. A Province owning land holds the same relation to the Dominion Government that an ordinary land-owner maintains. The Province has no power to stop the exportation of wood from private lands in that Province. Recent tariff legislation in the United States aimed to coerce Provinces of Canada to part with Crown-land wood, and those Provinces resented such coercion. In the reciprocity arrangement each Province can do with its own land as it pleases and can do this without affecting the immediate and free entry of paper and pulp made from wood cut on private lands in that Province. The distinction between wood free from restriction of exportation and wood that is not free will show itself in various ways. Print paper made from wood cut on lands subject to restriction will be liable to a duty of \$5.75 per ton of paper. That duty will be prohibitory in competition with paper made from wood cut on private lands. The Provinces of Quebec and Ontario have been offering premiums and inducements for the transfer of American paper industries to Canada. Brown Bros., of Berlin Mills, N. H., recently installed a plant at La Tuque, Quebec, and propose to expand it materially. That plant depends on Crown lands for its timber supply. The International Paper Co. has been flirting with the Quebec Government for similar concessions. The reciprocity clause will give no encouragement to such diversion of industry from the United States to Canada. A barrier of \$5.75 per ton on print paper will confront such products until the Quebec Government removes the prohibition. The revenues which the Province now obtains on wood cut from its Crown lands and shipped in manufactured form to the United States will be diverted from the Quebec treasury to the owners of private lands. The pressure from holders of Crown lands limits upon the provincial authorities for an opportunity to reach the greatest market in the world—that of the United States—will be irresistible, and a diplomatic victory in the removal of restrictions will have been achieved without harshness or coercion or ill feeling of any sort. Each side will obtain an advantage, and that is the element of a good trade.

Care should be exercised to note that the last proviso of the paper and pulp clause relates to products of the United States admitted into Canada. It does

not affect the immediate free entry of paper and pulp from Canada to the United States when made from wood cut on private lands. It means that after all the Provinces shall have removed all their restrictions upon Crown-land woods and the United States shall no longer impose any duties upon any pulp or any paper from Canada, then Canada will reduce its duties upon the admission of United States paper and pulp into Canada.

The present output of paper in the United States is approximately 15,000 tons per day, divided as follows:

[Tons per day.]

News .....	4,315
Book .....	1,900
Paper boards .....	3,800
Wrapping paper .....	2,850
Writing paper .....	1,400
Roofing and sheathing .....	610
Tissue .....	290
Hanging .....	275
Blotting .....	60
<b>Total .....</b>	<b>15,000</b>

The various kinds of paper will be affected by the proposed legislation as follows:

	Tons per day—	
	Affected.	Not affected.
News .....	4,315	
Book .....	1,200	700
Paper boards .....	3,300	
Wrapping .....	2,000	850
Writing .....	200	1,200
Roofing and sheathing .....	610	
Tissue .....	190	100
Hanging .....	275	
Blotting .....	30	30
<b>Total .....</b>	<b>12,120</b>	<b>2,880</b>

All the Provinces of Canada produce less than 1,000 tons per day of all kinds of paper, as compared with 15,000 tons per day produced in the United States. In other words, Canada's output, if all of it were shipped to the United States, would not equal 7 per cent of the United States consumption. The paper shipments from Canada to the United States has been almost negligible. For years they averaged less than 17 tons per day of all kinds of paper. In 1908 the American paper makers arbitrarily advanced prices to a figure which permitted the profitable importation of Canadian paper, and the importation rose in 1910 to 180 tons per day of print paper, valued at \$2,120,000 per annum. But the paper shipments from the United States to Canada covering high grades of paper were valued at \$2,500,000. Canada buys more paper from the United States than it sells to it. Canada has kept American mills going by annually shipping 1,000,000 cords of pulp wood, valued at \$5,000,000, and pulps, valued at \$4,000,000, without which supplies our mills could not have continued the production of paper. Canada bought from the United States a total of almost \$3,500,000 worth of paper products and supplies in the year ended March 31, 1910, as follows:

From the United States to Canada:

Books .....	\$2,540,332
Sizing .....	14,457
Alum .....	14,989
Brimstone .....	181,183
Caustic soda .....	67,552
Rubber belting .....	30,681
Printing presses .....	315,584

## From the United States to Canada—Continued.

Machinery for printing-----	\$83, 728
Types and stereotypes-----	91, 541
	<hr/>
Paper and manufactures of-----	3, 311. 047
	2, 498, 962
	<hr/>
	5, 810, 009

## From Canada to the United States:

Paper of all kinds-----	990, 156
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Under the new arrangement American paper makers will gain a large market for their products in Canada, especially in the higher grades of paper.

The ultimate outcome of the proposed reciprocity arrangement, if ratified, will be a tendency toward the concentration of the pulp business in Canada and the conversion on this side of those pulps into paper, with great growth and advantages for each side.

JOHN NORRIS,

*Chairman Committee on Paper.*

Senator GALLINGER. What is the significance of the number given?

Mr. HASTINGS. I imagine that is the serial number, Senator. They have the most perfect organization in the country as to general information for members.

Senator GALLINGER. I should think so.

Senator STONE. You do not mean to say, or do you mean to say, that the whole 2,000 have reference to this agreement?

Mr. HASTINGS. Oh, no; no, sir. Since they have been running, I suppose. The particular thing I desired to call attention to was that they give the total output of the United States of paper of different classes as 15,000 tons a day. Under two headings they put the paper which is affected by this treaty and the paper which is not affected. They claim that 12,120 tons would become affected, and would therefore come in free under this proposed arrangement with Canada, while 2,880 tons would not be affected. I can readily understand why they desire to have news paper brought in free, but it really is very selfish to desire to take in all these other kinds of paper as well. If they had said news paper, and if they had limited this reciprocity arrangement to news paper, I think that would have suited them just as well. The circular says: "The ultimate outcome of the proposed reciprocity arrangement, if ratified, will be a tendency toward the concentration of the pulp business in Canada, and the conversion on this side of those pulps into paper, and with great growth and advantages for each side." That is one of those trades where both sides get great advantage.

I would also like to insert in the record a bulletin issued by the Wisconsin News Bureau, of Milwaukee, sent out May 10 from Madison, Wis., showing the influences that are being brought to bear in favor of this reciprocity measure. This, I understand, is called the W. H. Austin bureau. It is probably in the interest of the brewers. They sent these alleged news-letters, which are in reality pleas for the brewing interests, to all the papers in the State. That note on the bottom is from a publisher of a newspaper.

MADISON, Wis., May 10—(Special).—Much discussion of the effects of the impending reciprocity act upon the farmers of Wisconsin has been heard here this week and this bit of national legislation has claimed a good share of the attention of the members of the legislature, dividing time with the important State measures which are now beginning to roll from the committees to the floors of the two houses. The opinion prevails here that, except in very few cases, this act will benefit Wisconsin people generally, lowering many articles

that figure prominently in the cost of living, without seriously affecting the income of any producers. This situation is further served by the passage Monday of the farmers' free-list bill by the tariff workers, which includes a long array of articles that will be freed of duty and which has been arranged entirely for the farmer's benefit. Perhaps the most strenuous opposition to the act in Wisconsin is coming from the paper makers, and they are making Washington understand where the shoe will pinch. Hon. John Strange is in Washington and is keeping the mails filled with letters to the members and the press busy handling his interviews on the subject.

This has been clean-up week for the assembly committee on excise and fees, they reporting out eight important measures Monday and Tuesday. These are all recommended for indefinite postponement, although there was dissent on all by Chairman Hull and Mr. Ellingson. One thing is becoming more and more apparent as this session progresses, and that is that bills on this subject must be plainly drawn and honestly presented if they are to receive consideration. The members are tired of subterfuge and trickery. This has been forcibly shown in the treatment accorded the Hull and Gettle bills and others, leading right up to the county-option measure. The Blaine substitute, which was defeated in the senate, put this proposition up as "county prohibition," which it is, and it seems probable that it must be presented in this form in the future to get any consideration. The Hull bill, which would have made hundreds of square miles of dry territory in the State, is another example of this method, which is now in disrepute. The sentiment here seems to be: "Present your propositions 'on the square' and they will be considered, otherwise keep them in your pocket and save time."

WISCONSIN NEWS BUREAU.  
1147 Twelfth Street, Milwaukee.

D. C. E.—The Wisconsin News Bureau is the W. H. Austin affair, in the interests of the brewers. They send these alleged news-letters, which are in reality pleas for the brewing interests, to all papers in the State.—J. L. S.

Mr. HASTINGS. As to the effect of reciprocity on the paper market, I desire to read a letter from the Wheeling Register, of Wheeling, W. Va., dated May 5, 1911, to a jobber in Baltimore, as follows:

THE WHEELING REGISTER,  
Wheeling, W. Va., May 5, 1911.

DOELER & MUDGE, Baltimore, Md.

GENTLEMEN: Yours of the 2d instant at hand and contents noted.

In reply would say that the price named by you under date mentioned above is not attractive to us, in view of the fact that you require a contract for five cars or more. We contracted in early April for five cars at \$2.19, and after the writer's return from a visit to New York, we feel that we have made a mistake in even contracting for five cars at that time and at that price. The information gathered at the American Newspaper Publishers' Association meeting on Thursday last is to the effect that the price of good news print must come down, and therefore we feel that we should make a mistake if we contracted for anything other than what we will need for our immediate consumption, so we advise you honestly and fairly that we are buying "from hand to mouth" for the present and will not make a contract until we know absolutely what the result of the reciprocity legislation may be.

Very truly, yours,

CHARLES H. TANNEY.

Mr. Taney is general manager.

Senator STONE. General manager of what?

Mr. HASTINGS. The Wheeling Register, of Wheeling, W. Va. I merely desire to put that in as controverting the evidence offered here that news-print paper is held for \$45 a ton while it is \$1.20 less than that, and even then he thinks he is being buncoed by paying as much as that; that if he had waited and taken the advice of the association he could have bought it cheaper, if he had waited a little while. That shows also the power of the press.

I had sent me from Wausau, Wis., and received at my hotel yesterday, an advance copy of Mr. Norris's speech of May 17, which



was delivered, I think, on the 24th. It is not necessary to put it in because you have it already here. I got it by mail here, I think, the same day he delivered the speech, from Wisconsin.

Senator STONE. Is that printed?

Mr. HASTINGS. Yes, sir; it says here:

Only by the adoption of the paper clause of the reciprocity agreement with Canada can cheap paper and the retention of the print-paper industry in the United States be secured, according to John Norris, representing the American Newspaper Publishers' Association, who appeared before the Senate Finance Committee to-day. Mr. Norris said that from present indications those results can not be obtained in any other way.

Then it goes on and says, "Mr. Norris said," "Mr. Norris said," and so forth.

Senator STONE. My question was whether that is in print.

Mr. HASTINGS. It is the advance copy of the speech which was delivered on the 24th. It is dated the 17th.

Senator STONE. Who sent that?

Mr. HASTINGS. It was sent to some newspaper out in Wausau, Wis.; I do not know by whom.

Senator STONE. And that paper sent it to you?

Mr. HASTINGS. They sent it to me through one of their stockholders who does not agree with the Publishers' Association as to their attitude. I do not think it amounts to anything, but I submit it.

I would like to read this statement from the New York Tribune of March 27, 1911.

Senator HEYBURN. Let me ask you if that will duplicate the statement that Mr. Norris made before this committee?

Mr. HASTINGS. Pretty closely.

Senator HEYBURN. If that is true, it would hardly be worth while to publish it.

Mr. HASTINGS. I say, I do not think it amounts to anything, and I will not ask that more of it be printed.

Senator SIMMONS. What you want entered in the record is your statement.

Mr. HASTINGS. My statement regarding it. This article is headed—

Senator STONE. While you are on that, may I ask if you know the gentleman who sent that?

Mr. HASTINGS. I do.

Senator STONE. Is he interested in news paper or any other kind of paper manufacture?

Mr. HASTINGS. He is interested in other kinds of paper; yes, sir—wrapping paper, which is affected by this bill.

Senator STONE. Yes; I understand that.

Mr. HASTINGS. It is quite evident.

Senator STONE. At least I see a reason for it.

Mr. HASTINGS. Certainly.

Senator CLARK. His idea was to attempt to combat Mr. Norris's statement that it would be a benefit to the manufacturer.

Mr. HASTINGS. This is from the New York Tribune of March 27, 1911, and is headed "A newsdealers' strike—Small organization caused yesterday's trouble." This has reference to one Sunday in New York where it was difficult to buy a Sunday paper because of the demands made by some of the dealers, and what I wanted to call your

attention to particularly was the fact that the association is pretty strict among its members as to what they can do. The article is as follows:

[From the New York Tribune of Mar. 27, 1911.]

**A NEWSDEALERS' STRIKE—SMALL ORGANIZATION CAUSED YESTERDAY'S TROUBLE.**

Some parts of upper Manhattan were without Sunday newspapers yesterday, so far as the regular newsdealers were concerned. The reason for the shortage was a demand by a small newsdealers' association, the Nassau & Harlem News Co., upon the New York newspapers for a reduction in the wholesale price of the newspapers from 4 to 3½ cents, and for a restoration of the privilege of returning all unsold copies. Under that system papers already sold used to be collected and returned. The introduction of a 5 per cent limit stopped such frauds.

The dealers also asked for an allowance of one-half of a cent a copy on all returns; or, in other words, they sought to have the papers delivered at their stands for 3½ cents each, and bought back by the publishers at 4 cents.

No attention was paid to these demands yesterday by the Publishers' Association of New York City, which includes the Brooklyn Eagle, the Jersey Journal, the New York Times, the World, the Evening World, the New York American, the Evening Journal, the Morning Telegraph, the Tribune, the New Yorker Herald, the Morgen Journal, the Staats-Zeitung, the Brooklyn Times, the Standard-Union, the Brooklyn Citizen, the Evening Post, the Mail, the Globe, the Journal of Commerce and Commercial Bulletin, the New York Commercial, the Sun, and the Evening Sun. The Press, a nonmember, took the same attitude.

The newsdealers' organization already referred to picked out the New York World as the object of their first attack. The other members of the association learned of this intended move and at once determined to support the World by refusing to supply those dealers who had canceled their orders for that paper.

The disastrous fire in Greene Street largely increased the demand for all newspapers yesterday. The dealers who did handle them did not belong to the striking organization.

It is expected that the same conditions will exist during this week at least, and those who have difficulty in securing papers at their customary stands should patronize the stands of Ward & Gow, at the elevated and subway stations. Yesterday's trouble did not extend to the Bronx, New Jersey, or Brooklyn.

In other words, the attack upon one is an attack upon all. That morning, to get a New York paper one had to go out and look for it—do the best they could. I do not think, however, that in many instances it hurt them much to be without it. I also want to read—

Senator STONE. You mean it would not hurt much to do without the New York papers?

Mr. HASTINGS. That is what I mean, Senator. It is the Sunday paper that I was referring to.

Senator STONE. It would probably hurt the manufacturers a little bit, would it not, if there were no papers?

Mr. HASTINGS. Yes, sir; it would.

Senator STONE. They are considerably interested in those publications?

Mr. HASTINGS. Only as they sell the paper.

Senator STONE. Surely.

Mr. HASTINGS. That is a matter for the publisher himself to curtail his use if he desires, and he has gone as far as he could.

This is a public speech, published in the Evening Post of February 9, 1911, of Mr. Whitridge, who made an attack upon the Associated Press in the papers, and that part referring to the Associated Press I desire to read, because it takes a pretty brave man nowadays to.

publicly state that he is against the Associated Press or the Publishers' Association.

Senator GALLINGER. Who is this man?

Mr. HASTINGS. Mr. Frederick W. Whitridge, one of the receivers of the Third Avenue Railway, and they had been severely criticized, with others, by the newspapers for some of his actions. It is as follows:

The papers of this town have an association among themselves called the Associated Press, which, because of its means and the circumstances of the case, is a real monopoly. Its object is to collect news, and it operates in restraint of everybody's trade in that article except its own in a manner that must make the Standard Oil and the Tobacco Trusts green with envy. This whole land is now waiting with bated breath for the decision of the Supreme Court in the cases of those two corporations. Should it be in favor of the Government, I suggest to all the trust busters that the next case to be taken up should be against the Associated Press. That will show courage, and it will be amusing, because for the first time the Government will have an opponent that can talk back; it will be popular, and even you gentlemen will be tranquil in the thought that your proprietors, who have grown enormously rich on the fruits of your labors, are to be brought back from their luxurious resting places in the Old World and docked beside the ordinary capitalists you have been employed for so many years to denounce.

Senator STONE. That seems to be an attack on the Associated Press.

Mr. HASTINGS. It is so headed; yes sir. You will find, however, that the Associated Press and Publishers' Association are quite closely allied, I think, if you care to investigate the matter. We have been called to Washington for a great many years to defend this and that man's claim that we were doing things that were in violation of the law, but the accuser himself, who has succeeded in kicking up the dust to hide his own misdeeds, should be investigated, and I do not know any more fruitful field for the Senate of the United States and Congress than to take up the question of the Publishers' Association and the Associated Press. I myself might go back a few years and get some information which would be quite valuable, I believe, to such a committee, from personal experience.

I also want to read from the Pacific Printer an article by C. D. Willard headed "Should newspapers be 'regulated'?" and I think it is a matter of speculation in the popular mind of a great many thinking people to-day how far the newspapers shall go and where they are to be checked, and this gentleman's remarks are quite my own opinion.

The article is as follows:

Theoretically this is a difficulty that should carry its own remedy; that is to say, if a paper deceives its readers they should logically leave it for a truthful paper, and thus put newspaper honesty at a premium. But there are several reasons why this theory does not work out, and the two principal of these are, first, the existence of the Associated Press, and, second, the peculiar nature of the newspaper business, whereby, as in no other business, success compounds on itself in a geometric ratio.

The Associated Press makes the newspaper business a practical monopoly. In the morning field it takes a Hearst with \$10,000,000 of capital and a chain of papers to buck the solid line, and even he is willing to pay big sums to buy franchises when any are obtainable. In the afternoon field there is an open service offered by the Scripps-McRae people, but it is not to be compared with the Associated Press. Thus competition is limited, and in many places scarcely exists at all.

Again, in mercantile lines, as a man increases the volume of his business and hence his income, he necessarily increases his expense. There is a slight margin of saving or compound profit, but not much. But in the newspaper business added circulation, which pays for itself in subscriptions, allows the publisher to charge more and more for his advertising space at only an insignificant increase of cost. Given certain profits at 100,000 circulation, the profits at 200,000 are not merely twice as great, but like enough twentyfold. This supplies the publisher with a huge fund that may be used in making his paper so attractive as to hold his subscribers whether he tells them the truth or not. No other business places such a direct premium on rascality. I do not mean to be cynical and say, as some do, that only the lying and sensational papers are successful. I do not believe it. But I challenge anyone to show me another line of business than that of newspapering, that is allowed by law, in which one may habitually lie to his customers, adulterate his product to a hideous degree, practice every kind of meanness and injustice toward individuals and show absolute contempt for the public generally, and yet, in spite of all these things, achieve an enormous financial success. And that is not all. Can anyone name a line of business that is countenanced by law—other than the newspaper business—in which big money may be made by pandering to the worst and lowest in our frail human nature, the telling of immoral stories, writing obscene headlines, nursing envy, creating hatreds, setting whole communities by the ears, exploiting misfortune and parading vulgarity to the public view?

Yes; the theater has been allowed to do some of these things in a moderate degree; but our police are now censoring theaters, and even the nickel moving-picture show is reviewed by a committee on morals. Vice is turned to money in many ways and by many people, but chiefly under cover, skulking from the law, and necessarily on a small scale. The newspaper alone is given free rein to debauch morality, to exalt falsehood, to mislead voters, and to degrade humanity, and through these horrid practices to pile up huge profits. Why? Why should the publisher be allowed this immunity in the face of grave public peril? Why is he not muckraked and shown up and the noisome elements of his business dragged out into the sun? Rest calm and assured. His day in court, in that great and solemn tribunal of public opinion which he has done so much to create, is almost at hand. Individuals may tremble before him, but democracy will not. The problem is intricate, but it is not beyond the reach of law. If monopoly stands in the way, it must be blown up and removed. If legislatures dare not pass laws, then the work must be done by initiative. If private newspapers can not be made to give us the truth, then municipal or State publications may supply the lack. It is no more difficult to censor an immoral and sensational newspaper than a performance at the theater. All that is needed is that we should get these matters in proper perspective and recognize that the doctrine of "let alone" and "private business" does not apply to an enterprise with the gigantic possibilities for good and for harm that are possessed by the modern newspaper. It is a common carrier, a necessity of life, a public utility, a factor of government under the new system, and whether it is to be a boon or a menace to our political and moral development rests with the people themselves to say.

Senator McCUMBER. I think you have read so rapidly that these reporters for the press were not able to take it down.

Mr. HASTINGS. Then there is a part of it I would like to read over again because I do not want them to miss that:

If monopoly stands in the way it must be blown up and removed. If legislatures dare not pass laws, then the work must be done by initiative. If private newspapers can not be made to give us the truth, then municipal or State publications may supply the lack. It is no more difficult to censor an immoral and sensational newspaper than a performance at a theater. All that is needed is that we should get these matters in proper perspective, and recognize that the doctrine "let alone" and "private business" does not apply to any enterprise with the gigantic possibilities for good and for harm that are possessed by the modern newspaper. It is a common carrier, a necessity of life, a public utility, a factor of government under the new system, and whether it is to be a boon or a menace to our political and moral development rests with the people themselves to say.

Senator STONE. Who is the author of that article?

Mr. HASTINGS. Mr. C. D. Willard. The article appeared in the Pacific Printer of, I suppose, California. It was read before the Sunset Club, of Los Angeles.

Senator STONE. Who is Mr. Willard?

Mr. HASTINGS. I suppose he is a writer.

Senator STONE. You do not know him?

Mr. HASTINGS. I do not.

Senator STONE. I want to ask you—as you have read that very severe arraignment of the press, and have had it put into this record—whether you indorse it?

Mr. HASTINGS. I do; yes, sir.

Senator STONE. Well, you are engaged in the business of furnishing material upon which these abominable things are printed?

Mr. HASTINGS. Yes, sir.

Senator STONE. Are you in a moral movement to put the price of news paper up so high that you could put a stop to the publications?

Mr. HASTINGS. Do you mean am I in favor of it?

Senator STONE. I say is that one of your objects in putting up the price of news paper?

Mr. HASTINGS. We have not put the price up.

Senator STONE. Oh, it has gone up very much.

Mr. HASTINGS. Since when?

Senator STONE. Within the last three or four or five years.

Mr. HASTINGS. In the average of 10 years possibly it has gone up 10 per cent.

Senator STONE. Ten per cent?

Mr. HASTINGS. Yes, sir.

Senator STONE. In 10 years?

Mr. HASTINGS. Yes, sir.

Senator STONE. Are you sure as to that statement?

Mr. HASTINGS. Yes, sir.

Senator STONE. News-print paper?

Mr. HASTINGS. Yes, sir. In the meantime it has gone up and gone down, but I am speaking of the 10-year average.

Senator STONE. What was it 10 years ago?

Mr. HASTINGS. It was as low as \$32 a ton, so I understand; but there were very few contracts made at that figure; very little paper sold.

Senator STONE. Why do you insist on furnishing paper for these people when you know they are going to use it to print a lot of lies? You are undermining society.

Mr. HASTINGS. You heard Mr. Norris say the other day that we are under suspicion for curtailing production.

Senator STONE. Yes; curtailing production and putting up prices. That was his contention.

Mr. HASTINGS. Yes; that was his contention.

Senator STONE. Is there much difference between the man who furnishes poison, knowing the use to which it is to be put, and the man who administers it to others to commit murder?

Mr. HASTINGS. I beg pardon; I did not get that.

Senator STONE. I say it looks to me a little bit like a man who would prepare and furnish poison, knowing the use to which it

was going to be put, to one who was going to administer it to commit murder.

Mr. HASTINGS. You know, Sénator, that another contention of Mr. Norris's was that we insist upon knowing where the paper goes; he says we should not. How are we going to do it? He says that he wants to buy the paper and sell it to whom he pleases. We say we propose to know who buys it.

Senator STONE. But you are abusing the press. That was the arraignment.

Mr. HASTINGS. I have not abused them, but I have told the truth about them.

Senator STONE. Nevertheless it is a very severe arraignment of the press, and if that is true the press, instead of being an agency for good is an agency for evil in this country.

Mr. HASTINGS. As a whole, I have no doubt it is, in my estimation.

Senator STONE. You are, nevertheless, engaged in the business of supplying the press with material for carrying on that bad and evil business.

Mr. HASTINGS. There is a great difference in papers. I do not mean that all papers are that way, and even if they were, my business is locked up in the manufacturing of paper, and I propose to go on selling it, and no matter what I think of the attitude of the paper or what the effect of the paper is upon the United States, you do not suppose I am going to close my mill down for some moral reason and not supply them with paper?

Senator STONE. I do not think you will.

Mr. HASTINGS. Nor would I, nor would you expect me to do so, or anybody else.

Senator STONE. I might expect you to if you are working on purely moral lines.

Mr. HASTINGS. I am not working on moral lines. I am moving on the lines of justice, as far as my individual business is concerned, in regard to this bill. I read that to show the class of people who are coming here and asking you to pass something for their benefit and to our detriment. That is my argument.

Senator HEBURN. If that is a good argument against you, the argument suggested by the Senator from Missouri might be carried back to the man who cut the tree down.

Mr. HASTINGS. Oh, you could go back to the man who planted it. I merely wanted to deny briefly some of the remarks that were made by the representative of the publishers, and to deny them all the way through, except that I am president of the association. That I grant. Other than that there is very little truth in the statements as they refer to the paper business.

He refers to the amount of woodland in Canada. This has been gone over so thoroughly that I do not feel like taking up your time by referring to the matter, but I believe that the answer which I made to the last Finance Committee, referring to allegations made by Mr. Norris, practically answers his statement of the other day. I do not see any difference, so I will file my last answer as still being true, without taking up the time of the committee further on that proposition.

Senator HEYBURN. I would suggest that that is not before this committee. This is a new committee, and if you rely upon a reference to some proceeding before that committee——

Senator CLARK. He does not mean that.

Senator HEYBURN. Did I understand that you were going to file your testimony before the former committee?

Mr. HASTINGS. I was not going to do that; I was merely going to refer to it.

Senator HEYBURN. If it is a reply to Mr. Norris's statement, it should be filed only so far as it relates to the consideration of the question by this committee.

Mr. HASTINGS. Well, then, if I can, I will put that into written shape and mail it to the chairman.

The CHAIRMAN. It will be received and filed accordingly.

Mr. HASTINGS. Many references have been made here to combinations and oppressions practiced by the manufacturers of paper upon the general public, which, to anyone who is familiar with the paper business, are very ridiculous.

In the first place, as to the combinations referred to so often, the illegal contracts made by the General Paper Co. in Chicago, taken in the western mills several years ago, were declared illegal and the company was dissolved. They were not fined, but under the recent decision of the Supreme Court I understand that they might have continued and would not have been fined, but they thought, rather than be subjected to constant annoyance, they would dissolve. They had money or capital in it, and it was merely a combination of mills to sell the paper to the best advantage, through a community of interests, and took in the mills of the West. The Parks pool, which took in a number of mills—sulphite and manufacturers of wrapping papers—in the East, I have no doubt was an illegal arrangement.

They were brought up before the proper courts, were admonished, and, on payment of a nominal fine of something like \$2,000, they were told to disband, and they did; and that is all there was to that. Mr. Parks himself made a large amount of money out of it; the mills I do not believe did. I think there is no question but what they are actually worse off to-day through going into that, because the price of paper was advanced at that time—there is no question about it—and that stimulated capital going into the mills, and to-day they are suffering from overproduction, partially attributable to that Parks pool. But the men in it were legally advised by the best talent that they could secure in New York, before they went in, that it was perfectly safe and that they could do it. It turned out they could not do it.

Now, to-day the market is open. There are as many prices for newspaper as there are mills, and there is no extortion. The mills of this country to-day, at the present prices, are not making a profit commensurate with the amount of capital they have gotten in their business, and the time and brain power that they put into it, as compared with any other industry in this country, and the attacks that are made upon the industry by a selfish interest is wicked. No other industry in this country has been attacked and has so freely given up to every branch of the Government all the information that the Government desires.

Just think of any industry in this country which has gone through, as we have, in six months, practically by the auditors of the Government, who have gone into every office and every mill of the manufacturers of news paper in the United States, have gotten his costs, gone over his books, and absolutely know all about his business for the last 8 or 10 years, or as long as the mill has been going. Why? Because we recognize the foe; and we recognize the principle of reciprocity as applied to the newspaper publisher and as applied to other people, and we recognize that we must come out frankly and show everything that we do and everything that we have done, with a desire of showing to the Government that there is nothing in our business that we should be criticized for; that we have run it honestly, and that you are entitled to any information that you can get from our books. It could not be that we have doctored our books for 10 years, because we did not know we were going to be investigated. Therefore it is fair to suppose that we have had a fair investigation, and that the record of that in the Tariff Board's report is a fair report.

Now, I do not analyze it; it is not necessary to. I will take those figures because they bear out what we have always said; it is a matter of wood, practically.

Now, on that line, the claim that paper can be made in the United States cheaper than it can in Canada is absolutely ridiculous. You take the raw materials and it would make a difference of some \$5 a cord, and two mills built in the same year—one in Maine or one in New York, and one in Canada—and the Canada mill will make paper cheaper. There is no question about it, and to the extent of the difference in the cost of wood. All other conditions we will waive aside, although there are some other small differences. But it is merely a question in the minds of the American manufacturers of paper whether the Congress of the United States desires to gradually move them over into Canada and wipe out the investment men have made here in a legitimate way, or whether they desire for us to continue as we have in a respectable, orderly manner, trying to run our own business.

Senator SIMMONS. The newspaper people seem to be very much exercised about your ability to get enough wood in this country to run your mills. Are you troubled about it?

Mr. HASTINGS. No, sir; not at all.

Senator SIMMONS. You are satisfied you can get enough, and, if you have no difficulty about it, why should the newspaper be more exercised about that matter than you are?

Mr. HASTINGS. That is a very pertinent question, Senator. Their desire for us to get wood is merely the umbrella under which they hope to get paper free; that is all there is to it; in other words, to buy all paper cheaper, that is their desire. And the talk as to the "antiquated" mills of this country—

Senator SIMMONS. I understood Mr. Norris as contending that you could make your paper in this country cheaper than they could make it in Canada. If that is so, how could they get it cheaper?

Mr. HASTINGS. I refuse to recognize any statement Mr. Norris may make in reference to the paper business; he knows nothing about it.

Senator SIMMONS. You deny the truth of his statement?

Mr. HASTINGS. I certainly do. He doesn't know what he is talking about. As to the old "junk piles" of paper mills in this country,



that is not so; and I want to state that in talking with one of the principal writers, a very noted writer on shop efficiency—manufacturing efficiency in the United States—he said, “I have looked into the cost and efficiency of plants manufacturing all kinds of material in the United States, and one of the most curious things is that the lowest efficiency in manufacturing business in the United States is printing.” Now, these are the men who come to us and say that we are running a lot of old “junk heaps”—and this writer is an authority.

Senator HEYBURN. Is it possible to reduce the quality of paper in this country, and thereby reduce the cost of its production?

Mr. HASTINGS. Very little.

Senator HEYBURN. It is not a commodity that can be reduced in quality?

Mr. HASTINGS. Very little. It can a little, but so little that it will hardly be noticeable at the end of the year; that is, you can make it coarser; you can make more paper with 100 horsepower, but the pulp is not as good, and does not make as highly finished paper. But many of the newspapers do not care; what they want is paper—something that you can read print on.

Senator HEYBURN. Is the grade or price applied to paper?

Mr. HASTINGS. A preference is given, and that preference is expressed in prices very often. For instance, I know that within 10 days a manufacturer told me that he had lost an order which he had held in Springfield, Mass., on which he quoted a price, I think he said of \$2.17 or \$2.18—I have forgotten what it was—and the order was taken away from him at 2½ cents, because the man preferred to pay 2½ cents on account of the quality.

Senator HEYBURN. Then these mills that have been termed “inefficient” or “junk piles,” perhaps, might produce the lower grade of paper if they were compelled to compete with Canada.

Mr. HASTINGS. That would not cut very much figure; it might some, but not enough to save them. And the questions that were asked here as to the efficiency of a large, new machine, as compared with an old, narrow machine, is a very much misunderstood condition. For instance, you take a machine, a new modern machine, say 184 inches, which is about the widest that is made to-day. That machine represents an investment of a great many thousand dollars. Now, when the manufacturer has got the machine he turns out, we will say, 50 tons of paper per day. The extra labor on that machine, as compared with two old machines 90 inches wide—there is not very much saving between one and the other, and your capital account will make up for the difference, very nearly. Otherwise these small machines would be forced out of the country to-day by the big machines; but it is not so. Many of the mills to-day with narrow machines are perhaps making as much of a return on the investment as the man with the big, new machine, or not losing any more, to put it properly. Manufacturers of news paper in this country, with a few exceptions, have not made exorbitant profits. There are some of those men who are just as much entitled to it, if they, in their foresightedness, have gone in and bought good wood lands, located upon rivers which are perpetually running, summer and winter, and are able to produce paper for that reason cheaper than another man who foolishly located on a tract where the wood had been cut off and the stream went dry

and he met with disastrous results, and the foresighted manufacturer is entitled to more profit than the other fellow.

Senator HEYBURN. Do you know anything of the ownership by newspapers of timber lands upon which paper-making material grows in Canada?

Mr. HASTINGS. There has been a great deal of talk about that. I heard what Mr. Norris said yesterday, in reference to Mr. Hearst, and I think that is practically what he stated. He has talked a great deal, and most of it has been with a view of reducing prices. He did buy in Maine, when he made his last good contract some 7 or 10 years ago. He used that as a bluff to get a low contract for his paper; he has not tried it again. The bluff was not big enough.

Senator JOHNSON. Where was that?

Mr. HASTINGS. I could not tell you exactly; but he held the land for quite awhile, and then disposed of it.

That is all, gentlemen.

Senator WILLIAMS. What is the International Paper Co. composed of?

Mr. HASTINGS. What is it composed of?

Senator WILLIAMS. Yes.

Mr. HASTINGS. Why, it is a corporation, as I understand, with stock and bonds, preferred and common, and mills and water powers and woodlands.

Senator WILLIAMS. How many mills in it?

Mr. HASTINGS. Oh, I think they have something between 30 and 40 wood-pulp and paper mills.

Senator WILLIAMS. How many wood-pulp and paper mills in the United States?

Mr. HASTINGS. About 800.

Senator WILLIAMS. About 30 in the International Paper Co.?

Mr. HASTINGS. Yes.

Senator WILLIAMS. How is the price of paper fixed?

Mr. HASTINGS. How is it fixed?—by supply and demand.

Senator WILLIAMS. Do the mills ever happen to sell at the same price?

Mr. HASTINGS. They do not. There are as many prices to-day, practically, as there are mills.

Senator WILLIAMS. Do they compete with one another and try to underbid one another?

Mr. HASTINGS. They have ever since I have been in the business—30 years.

Senator WILLIAMS. So that when a newspaper wants to buy paper it does not get the same quotations from the different mills?

Mr. HASTINGS. It does not; to my certain knowledge it does not.

Senator WILLIAMS. There is no understanding between them about the price of paper?

Mr. HASTINGS. No, sir.

Senator WILLIAMS. No gentlemen's agreement?

Mr. HASTINGS. No, sir.

Senator WILLIAMS. Nobody that sets a price for the mills to follow?

Mr. HASTINGS. No, sir.

Senator WILLIAMS. You are sure of all that?

Mr. HASTINGS. I am sure of all that.

I will say for the gentleman's information that I have been before the Federal grand jury within eight months, and on some allegation, I suppose, of the publishers present, because I saw it printed in long sheets of what I had done.

Senator WILLIAMS. Was there not a decree or was there a decree in the Federal court concerning a paper company some years ago?

Mr. HASTINGS. A General Paper Co.; yes, sir.

Senator WILLIAMS. What was the result of the decree?

Mr. HASTINGS. The result of the decree was that they disbanded, and they have never, that I know of——

Senator WILLIAMS. It was found that they were a combination?

Mr. HASTINGS. Found a number of mills which came together through a selling agency.

Senator WILLIAMS. That they were a combination or a trust and ordered their dissolution, did it not?

Mr. HASTINGS. Yes, sir.

Senator WILLIAMS. Since then they are bona fide dissolved, are they?

Mr. HASTINGS. Yes, sir; they are, as far as I know.

Senator HEYBURN. How long since was that decree?

Mr. HASTINGS. Oh, some three or four years ago; I guess longer than that, maybe five or six years ago.

Senator CLARK. I wonder if that was the instance that our excitable friend from Wisconsin was telling about the other day.

Mr. HASTINGS. He did not belong to it, although he had been accused of it.

Senator STONE. Mr. Hastings, you are the president of the American Pulp & Paper Association?

Mr. HASTINGS. Yes, sir.

Senator STONE. When was that association formed?

Mr. HASTINGS. About 30 years ago.

Senator STONE. Is it a corporation?

Mr. HASTINGS. No, sir.

Senator STONE. What is the form of its organization?

Mr. HASTINGS. Why, it was formed practically as a social organization some 30 years ago, when the business was very much smaller than it is now. It used to have meetings every summer, usually at Saratoga, and had a good time, and met year after year and elected officers, and had a nominal income for postage and sending out circulars, and things of that kind to look after export business.

Senator STONE. What is the form of the organization?

Mr. HASTINGS. I was going to say that some three or four years ago, at the time of the agitation for taking off the duty and for investigating the paper people by the Mann committee, and all that, it seemed advisable to have a more solid organization, with a view of taking up, through this organization, the question of prevention against the attacks which were made on the whole industry; and at that time I was elected, or very soon after it, president, to take charge of it and to have a permanent office in New York, and I am in charge of that now. We gather statistics of the paper business, and we look after the interests of the paper manufacturers, as far as we can, appearing, as we do, before this committee or any committee; and we have led through our efforts to more being known about the paper business than was ever known before, now that we can come down

here and talk before you. We were criticized before the Mann committee because we did not know anything about our business, and that was really the start of putting us in shape to gather statistics of the business.

Senator STONE. Have you the articles of your association?

Mr. HASTINGS. Yes, sir.

Senator STONE. Have you a copy of them with you?

Mr. HASTINGS. I have not, but they have been filed, and I will be very glad to file them again.

Senator STONE. No; they have been filed?

Mr. HASTINGS. Yes, sir.

Senator STONE. When?

Mr. HASTINGS. I think at the time of the last hearings before the Ways and Means Committee.

Senator STONE. Were they printed in those hearings?

Mr. HASTINGS. Yes, sir.

Senator CLARK. That was this Congress?

Mr. HASTINGS. No, sir; the former Congress.

Senator STONE. You mean the hearings on the last tariff bill?

Mr. HASTINGS. Yes, sir; either that or the Mann committee; but I have a copy of the same articles, and I will be very glad to file it again, if you desire it. It has not been changed.

Senator STONE. I do not want to encumber the record uselessly.

Mr. HASTINGS. You will find it in the record.

Senator STONE. Is it accessible?

Mr. HASTINGS. Yes, sir.

Senator STONE. In either the Mann report or the report of the Ways and Means Committee hearings?

Mr. HASTINGS. I think it is in the Mann report.

Senator STONE. Two years ago?

Mr. HASTINGS. I think it is in the Mann report, and it has not been changed since then.

Senator STONE. Well, generally speaking and in a broad way, will you tell the committee the character of the articles of the association? I mean what do they provide?

Mr. HASTINGS. Why, they provide for a membership of manufacturers; that he must be a manufacturer; and they provide for annual dues of \$25 and an initiation fee of \$25; and provide for a president and a secretary and a treasurer, and that they shall have headquarters. It is a very nominal kind of an organization. It also describes the duties of these various officers.

Senator STONE. How are they chosen?

Mr. HASTINGS. By election of members.

Senator STONE. At an annual meeting?

Mr. HASTINGS. At an annual meeting.

Senator STONE. How many members are there in this association?

Mr. HASTINGS. I think we have about 250 now.

Senator STONE. The membership is as individuals or as corporations?

Mr. HASTINGS. As corporations or as individuals, according to their nature.

Senator STONE. When they sign as a corporation some officer represents the corporation?

Mr. HASTINGS. Yes, sir.

Senator STONE. Do all these officers get salaries?

Mr. HASTINGS. No, sir.

Senator STONE. Do you receive a salary?

Mr. HASTINGS. Yes, sir.

Senator STONE. Does the secretary or treasurer receive a salary?

Mr. HASTINGS. No, sir.

Senator STONE. Any other official?

Mr. HASTINGS. No, sir; I am the only one.

Senator STONE. Where is your office?

Mr. HASTINGS. 50 Church Street, New York.

Senator STONE. How many employees have you?

Mr. HASTINGS. I think we have seven—stenographers and clerks.

Senator GALLINGER. Is that office in the vicinity of Wall Street?

Mr. HASTINGS. Well, you can get there very quickly, Senator, but then our telephone is much handier to keep track of the market.

Senator STONE. You visit Wall Street pretty often?

Mr. HASTINGS. No, sir; I do not.

Senator CLARK. He is wise to the situation.

Senator STONE. What do you do as president of that association?

Mr. HASTINGS. I endeavor to educate the manufacturers of paper to the frame of mind whereby they get for their product all the market will warrant. That is my business.

Senator STONE. You educate them?

Mr. HASTINGS. Yes, sir.

Senator STONE. To get all they can?

Mr. HASTINGS. Yes, sir.

Senator WILLIAMS. Do they need education for that purpose; are they not all willing to get all they can?

Mr. HASTINGS. They might be willing, but could not do so intelligently.

Senator STONE. They do not know how to do it—do not know the condition of the market?

Mr. HASTINGS. I have seen the time when a man had 1,000 tons of paper to sell and he sold it below cost of manufacture, and the next day found that there was a shortage. I claim that is not intelligent manufacturing. I gather statistics in the paper business so they may judge.

Senator STONE. What is the character of the statistics?

Mr. HASTINGS. We gather statistics of the daily output of the different grades of paper. Those are published in totals only.

Senator STONE. Do you print a paper?

Mr. HASTINGS. We do not.

Senator STONE. You get word from the various manufacturers as to the amount of their output for the previous month.

Mr. HASTINGS. Yes, sir.

Senator STONE. And you know the aggregate of that output?

Mr. HASTINGS. Yes, sir; we publish it in the——

Senator STONE. Showing the details, I suppose, of each mill?

Mr. HASTINGS. No, sir; not the details of each mill.

Senator STONE. You show the total amount made for the month?

Mr. HASTINGS. Yes, sir.

Senator STONE. Of all the kinds of paper?

Mr. HASTINGS. Yes, sir; of each individual kind.

Senator WILLIAMS. And then make an estimate of what the price ought to be?

Mr. HASTINGS. No, sir; I do not. If they would leave it to me I could.

Senator WILLIAMS. Either publicly or privately?

Mr. HASTINGS. No, sir.

Senator STONE. Do you make any suggestion as to prices?

Mr. HASTINGS. No, sir; except in a general way as to what manufacturing conditions are. Sometimes I send out circular letters which are published in the trade papers. There is nothing secret about them.

Senator STONE. You are educating these men, you said; teaching them how to get the most possible out of their business?

Mr. HASTINGS. Yes, sir.

Senator STONE. Is your system of education confined to merely printing your information as to what amount of paper is made from month to month?

Mr. HASTINGS. And advice as to market conditions—the supply and demand.

Senator STONE. How do you get your information as to the demand?

Mr. HASTINGS. The fact that if there was 100,000 tons of paper made and 105,000 tons sold, the natural conclusion is that the demand is 5 per cent better than the manufacturing condition.

Senator STONE. Now, if you find that the supply is in excess of the demand, you notify them of the fact?

Mr. HASTINGS. Not except as they see for themselves in the figures.

Senator STONE. What would be your advice to them in the event they were making more paper than you thought they ought to make.

Mr. HASTINGS. My advice would be, as it has been many times in the past, that no manufacturer can hope to force upon the market a ton of anything that the market can not absorb. My advice would be to every manufacturer that if he could not sell all the paper he made, he should not make it unless he has a place to store it. If he could store it, then later on he could sell it.

Senator WILLIAMS. Not absorbed—not absorbed at a certain price?

Mr. HASTINGS. No, sir; I do not ever say anything about price, because I do not know anything about it.

Senator WILLIAMS. You could absorb all the paper in the world if it was cheap enough?

Mr. HASTINGS. No, sir; you could not. You could not get a newspaper publisher to buy one ton of paper that he could not use. You do not understand the newspaper publisher's attitude. He says: "There are only eight days' supply of paper in the country. This is an awful situation; you will have to increase this supply for us." A newspaper publisher does not go to a manufacturer and say: "Here, Hastings, you have only 50 cords of wood; you have only 50 tons of coal; that is not right; we will buy some wood for you; we will buy some coal for you, and pay your labor a week or two in advance." What business is it of ours? Why doesn't he buy the paper himself and store it? He surely has more money than we have. I know to-day of a publisher who offers to lend to anybody who wants to go into the paper business all the money he wants at 5 per cent.

Senator STONE. Do you sometimes advise a curtailment of the production?

Mr. HASTINGS. Publicly; yes, I do. And I would do it to-day if I thought it was necessary.

Senator STONE. Then the mills are capable of producing more than would be absorbed?

Mr. HASTINGS. The mills of this country always have been able to take care of all the news paper that was required, and they are to-day.

Senator STONE. And more?

Mr. HASTINGS. Not more necessarily, but usually, more, because at the end of the year there is always about as much paper on hand as there was the previous year, so that they must have been able to take care of it.

Senator STONE. I am not controverting that.

Mr. HASTINGS. I imagine that your question leads to the question of our curtailing the production of paper with a view to raising the price. That is not done.

Senator STONE. I am putting the question in the form I did put it—whether you advise the curtailment of production from time to time?

Mr. HASTINGS. I certainly do, and do it publicly.

Senator STONE. You do it publicly, also privately?

Senator WILLIAMS. What is your purpose in that?

Mr. HASTINGS. Suppose that you make 100,000 tons of paper—

Senator WILLIAMS. I am not talking about that; what is the purpose—to keep up the price?

Mr. HASTINGS. To keep a more uniform price, of course.

Senator WILLIAMS. Do you do that as president of this association?

Mr. HASTINGS. As an association.

Senator WILLIAMS. So the association does that through you?

Mr. HASTINGS. Yes, sir; through the gathering of these figures. We publish it in the trade papers of the country; anybody can read it as they run, if they desire.

Senator STONE. In other words, you regulate the supply?

Mr. HASTINGS. I do not.

Senator STONE. Your association attempts to do that?

Mr. HASTINGS. They do not. I say I give advice.

Senator WILLIAMS. Do they take it?

Senator STONE. They take it, don't they?

Mr. HASTINGS. No; many of them do not. Unfortunately, they do not. If they did, the publishers would pay more for their paper.

Senator STONE. Then of what particular value are you if they do not take your advice?

Mr. HASTINGS. I do not know, Senator. I would not like to say anything as to that; I might expose myself. They are willing to hire me to do whatever I am doing.

Senator WILLIAMS. And yet they pay no attention to you when you advise them?

Mr. HASTINGS. I do not say that. Many of them do not. Some may; I hope they do.

Senator WILLIAMS. Is one of the objects of this organization of which you are president to bring about a curtailment of production throughout all the mills in order to keep up the price?

Mr. HASTINGS. No, sir.

Senator WILLIAMS. And yet you are advising it through this association?

Mr. HASTINGS. Yes, sir; advising the manufacturers.

Senator WILLIAMS. Is that one of the purposes for which you are elected?

Mr. HASTINGS. I imagine so.

Senator STONE. Did you not, on July 11, 1910, issue a letter to the members of your association advising them to curtail production?

Mr. HASTINGS. I have no doubt. Have you the full letter there—because you should read the full letter.

Senator STONE. I have not read any part of it; I asked you if you had sent out such a letter.

Mr. HASTINGS. Yes, sir.

Senator STONE. Is that the only letter of the kind you have sent to the members of the association?

Mr. HASTINGS. I think so, except in a general way I refer to it some times.

Senator STONE. Have you an association of manufacturers in Canada?

Mr. HASTINGS. Have we? No, sir.

Senator STONE. Is there one?

Mr. HASTINGS. I understand there is.

Senator STONE. Is it in any wise allied with yours?

Mr. HASTINGS. No, sir.

Senator STONE. Have you any connection with it?

Mr. HASTINGS. We furnish them copies of our reports, and they furnish us copies of their reports. We furnish the trade papers with the reports.

Senator STONE. Have you any correspondence with them with respect to this particular agreement?

Mr. HASTINGS. There is no particular agreement.

Senator STONE. Well, the reciprocal pact?

Mr. HASTINGS. We do not have any correspondence with them about it particularly; no.

Senator STONE. Particularly—have you had any at all? That is not what I am talking about. The agreement made between the United States and Canada, for the ratification of which this bill is pending—that is what I am talking about. Have you had any correspondence with any of the officials of the Canada paper manufacturers' association with respect to that agreement?

Mr. HASTINGS. No, sir.

Senator STONE. None whatever?

Mr. HASTINGS. No, sir.

Senator STONE. Well, have any of your officers corresponded with them?

Mr. HASTINGS. Not that I know of.

Senator STONE. Nor conferred with them?

Mr. HASTINGS. Not that I know of. I have been in Canada myself and have talked with manufacturers there.

Senator STONE. About that agreement?

Mr. HASTINGS. Not about the agreement particularly, except in a general way; I mean to say as to any interest we may have in Canada, to try to influence Canada for or against it. It would be foolish for an American to go over there and try to do that, in view of the fact that the bill was evidently drawn in their favor.

Senator STONE. Are the Canadian manufacturers in favor of it?



Mr. HASTINGS. I imagine so. They would be foolish if they were not.

Senator STONE. Are their papers in favor of it?

Mr. HASTINGS. I do not think they are; I think the makers of the finer grades of paper view this agreement with alarm.

Senator STONE. In Canada?

Mr. HASTINGS. Yes, sir; the finer grades of paper.

Senator STONE. Have you had any conference or communication or conversation with the gentlemen who are connected with manufacturing paper of that character?

Mr. HASTINGS. Hundreds of them, I suppose.

Senator STONE. With respect to the agreement?

Mr. HASTINGS. In a general way; yes.

Senator STONE. It is all in a general way?

Senator CLARK. You refer to conversations had with Canadians?

Mr. HASTINGS. Yes, sir; I take it that is what the Senator asked me about.

Senator STONE. I am talking about Canadians. Did you discuss with them, in this general way, anything relating to organization of opposition to the agreement in Canada?

Mr. HASTINGS. No, sir; absolutely not.

Senator STONE. What did you say to them about the agreement?

Mr. HASTINGS. Why, if you would really like to know what I said, I said I thought the Canadians came down here to Washington and put it over the American commissioners like a tent—covered them all up and then got away with the goods. I thought they were a smart lot of fellows, and I took my hat off to them.

Senator STONE. You complimented them?

Mr. HASTINGS. I certainly did.

Senator STONE. That is the full extent of your conversation with them?

Mr. HASTINGS. I would not say that. That would be foolish. But as far as any arrangement with them is concerned, nothing of that kind was done.

Senator STONE. I can not understand that, Mr. Hastings, when you say that they are opposed to the agreement.

Mr. HASTINGS. The finer grades of paper.

Senator STONE. I am talking to you about the finer grades. I was asking you about your conversation with them. You say you complimented them?

Mr. HASTINGS. The Canadian commissioners?

Senator STONE. Upon accomplishing something they had failed to accomplish.

Mr. HASTINGS. They were not the commissioners, Senator.

Senator STONE. I know, but you were complimenting them on the work of that commission?

Mr. HASTINGS. I certainly was.

Senator STONE. They were not complimenting themselves, were they?

Mr. HASTINGS. I do not know their frame of mind, except they were not satisfied as far as they were concerned.

Senator SMOOT. Ninety per cent of them were?

Senator WILLIAMS. Why are they opposed to it?

Mr. HASTINGS. The finer grades of paper, because they can see at the present time that in the next few years when this treaty shall be in full operation, we will get in there, and they can get in here with their paper—when that time shall come then the American mills would be seriously competing with them on the finer grades of paper.

Senator WILLIAMS. They are afraid of the American competition on the finer grades of paper?

Mr. HASTINGS. Yes; book paper. There are many grades of book paper. One man printing a certain kind of books wants a certain kind of paper—opaque, transparent, laid, wove, rough finish, deckle edged or smooth edged, and so on. The trade in Canada is not large enough to employ a mill of that class to make all those kinds of paper, as do most of the mills in the United States with a larger market.

Senator STONE. To go back to that letter of yours of July 11, 1910, what was the occasion for writing that?

Mr. HASTINGS. As I remember it, there was an overproduction of paper at that time, and the trade, through those conditions, was getting very much demoralized.

Senator STONE. Prices were likely to go down?

Mr. HASTINGS. I suppose so.

Senator STONE. What did you advise them to do—curtail their output?

Mr. HASTINGS. I advised them—if you have the letter there, I haven't it here unfortunately, I would be very glad to read it.

Senator STONE. It is in the record.

Mr. HASTINGS. It was, in brief, to warn their mills to take care of the demand as disclosed by the figures which they themselves had furnished; that no man could expect to force on the market 1 ton of paper that would not be used, and that is so. The only effect of that is to reduce the price on 1,000 tons.

Senator STONE. Your idea was that all these mills should produce, combined, just paper enough to supply the actual demand?

Mr. HASTINGS. You say that was my idea?

Senator STONE. Was it?

Mr. HASTINGS. No, sir; it was not.

Senator STONE. Did you not say just now that your idea was for them to curtail the output?

Mr. HASTINGS. Certainly.

Senator STONE. To what extent?

Mr. HASTINGS. To the extent of taking care of the demand, unless a man wanted to store it himself. That would be a good investment.

Senator STONE. That is practically a demand?

Mr. HASTINGS. Yes, sir.

Senator STONE. You do not mean by what you have said that your advice was to the effect that they should regulate the output to the demand, so that one would correspond to the other? Then I do not understand just what you do mean?

Mr. HASTINGS. That was my advice to them; certainly. I did not understand your question. Of course, it would be foolish to send out such a letter unless that was the ultimate desire.

Senator GALLINGER. Suppose the great Amoskeag Co., of Manchester, N. H., can not sell their goods; do not they curtail their manufacture? Does not every manufacturing concern do that?

Mr. HASTINGS. They have got to The question is whether they want to do it intelligently.

Senator STONE. Your advice was that all the mills should then manufacture just enough paper to meet the demand?

Mr. HASTINGS. I did not say that. I said we should curtail the production.

Senator STONE. That is what curtailment meant, is it not?

Mr. HASTINGS. If you desire to put it that way, yes; that is what it means.

Senator STONE. Now, then, we are agreed. How many of these manufacturing plants of news-print paper are there?

Mr. HASTINGS. I think there are 51 plants.

Senator STONE. Fifty-one? Scattered through how many States?

Mr. HASTINGS. Through practically 15 or 16 States.

Senator CLARK. Fifty-one out of 800?

Mr. HASTINGS. That is news-print paper the Senator is speaking of now. That is the only thing that is before you gentlemen now—news paper.

Senator STONE. No; I think not.

Mr. HASTINGS. In effect, as to the effect of the investigation and as to the treaty.

Senator CLARK. How many news-paper plants are there?

Mr. HASTINGS. Fifty-five or fifty-six.

Senator STONE. I want to find this out. If there are fifty-odd of these concerns manufacturing news-print paper, or so many concerns manufacturing book paper or other kinds of paper—it is immaterial to me as to the kind; I selected news-print paper because I wanted to confine the question to one class of paper.

Mr. HASTINGS. Yes, sir.

Senator STONE. Now, when you advise these 50 manufacturing plants to curtail their output, so as to correspond with the demand, did you indicate to them how much they should manufacture?

Mr. HASTINGS. I did not.

Senator STONE. How would they go about it; how would each know what curtailment to make?

Mr. HASTINGS. If you will allow me, Senator, I suggest that you ask how many did curtail. I could answer you very quickly.

Senator STONE. Well, since you suggest the question, for your accommodation I will ask it.

Mr. HASTINGS. One; that is mine. The rest of them ran all the time, as long as they could. I was, at least, going to take my own advice.

Senator STONE. That was in 1910?

Mr. HASTINGS. Yes.

Senator STONE. About two years ago—a little less than one year ago. What was the price of paper then?

Mr. HASTINGS. I have forgotten. I don't know.

Senator STONE. As compared to the price now?

Mr. HASTINGS. I should say about the same. I do not remember.

Senator STONE. About the same? Well, then, those 50 plants went on manufacturing just as they had before, in spite of your advice?

Mr. HASTINGS. They did not during the summer, because they did not have any water or any pulp, and that curtailed their production

without regard to my advice. It was a natural cause that curtailed their production, and not my advice.

Senator SMOOT. Was last year a dry year?

Mr. HASTINGS. The very driest in 40 years. There never had been such a low rainfall in the paper-making districts.

Senator STONE. How much curtailment was there?

Mr. HASTINGS. I do not think there was any, Senator, as the result of my advice.

Senator STONE. As the result of other things?

Mr. HASTINGS. The figures show that, and Mr. Norris has put them in the record, I think.

Senator STONE. Was it very material?

Mr. HASTINGS. Not very material; no.

Senator STONE. Did you advise the curtailment in order to keep the price up?

Mr. HASTINGS. Why, naturally.

Senator STONE. They did not take your advice, there was no material curtailment, but still the price did not go down.

Mr. HASTINGS. Why should it? It is near cost now. There must be some basis for the price.

Senator STONE. What was the object of the advice if they went right on manufacturing, there was no curtailment, and the price remained stationary, or at least did not decrease?

Mr. HASTINGS. The object of the advice was to endeavor to show the manufacturers that that was the proper way to run their plants, and I still contend that that is the way. And I say to you, gentlemen, that the only way to run this business is on the basis of supply and demand.

Senator WILLIAMS. You gave that advice officially; not individually?

Mr. HASTINGS. I gave it individually.

Senator WILLIAMS. Not as president of this concern?

Mr. HASTINGS. Oh, yes.

Senator STONE. If you advise the members of your association to curtail the output to accommodate the demand and confine it to that, how are they to go about it—that large number of manufacturers, scattered all over the country? How does each know what to do?

Mr. HASTINGS. Senator Stone, may I be allowed to say something here in direct answer—

Senator STONE. Yes; you may say anything.

Mr. HASTINGS. In answer to that question, the United States district attorney in New York has within 10 days had everyone in my office before the grand jury, including the boy that licks the stamps, and he is trying to find out what you are trying to find out now. I do not know. If it is found out I shall be very glad for him to tell this committee. He has had every stenographer and everybody connected with the job.

Senator STONE. I am not connected with the Department of Justice.

Mr. HASTINGS. But I do not know; if he does, he knows more than I do. I think it is an outrage in the first place.

Senator STONE. I want to understand, if you can make me understand, how a large number of manufacturers, scattered through a number of States, can curtail their output so as to bring the total output to an approximate amount per month, without some understand-

ing among those several manufacturers as to how much they should manufacture?

Mr. HASTINGS. You have been inoculated with the disease that Mr. Norris is very much suffering under; that is, suspicion.

Senator STONE. Then I come to you as a physician to cure me of that disease.

Mr. HASTINGS. Well, sir, I would invite you up to my office.

Senator STONE. No, sir; you are on the witness stand.

Mr. HASTINGS. I do not know that they did. You are trying to make me admit that they are doing it.

Senator STONE. I am not trying to make you admit anything.

Mr. HASTINGS. You say how do they do it; they do not do it, as far as I know.

Senator STONE. You advised them to do it, officially, as president of the association?

Mr. HASTINGS. That is all right; and they did not do it.

Senator STONE. You expected them to do it.

Mr. HASTINGS. I hoped that they would.

Senator STONE. How would they go about it without some understanding between them as to how much each mill should make; what the curtailment of each mill should be?

Mr. HASTINGS. I do not know.

Senator STONE. You certainly do not mean to say that that could go on independently, without concerted action?

Mr. HASTINGS. You are premising your questions upon the assumption that they did it. I do not know that they did it.

Senator WILLIAMS. He said how would you expect them to do it?

Mr. HASTINGS. As I said before, your reports show how many tons were made. If the production was 100,000 tons and the demand was 105,000 tons, the demand would be 5 per cent better than the supply.

Senator WILLIAMS. The question was, How do you expect them to curtail to the point that you think they ought to, without any understanding amongst themselves as to how much each was to curtail?

Mr. HASTINGS. I do not know how much each was to curtail, and there is no such understanding.

Senator SMOOT. If a mill had orders to the extent of its full production, that mill would not have been influenced in the least by that letter of July 11?

Mr. HASTINGS. Absolutely not.

Senator SMOOT. But with the information that was furnished by your statistics, if the mill did not have orders sufficient for its full production, they would have been put on notice that there was being made more paper in the United States than there was demand for?

Mr. HASTINGS. That is all it is for.

Senator SMOOT. That is what you had in view in writing the letter?

Mr. HASTINGS. Yes, sir.

Senator SMOOT. Or, in other words, it does not apply to paper consumption alone, but to every institution that makes goods for the market; they can not afford to pile them up; they can not perhaps borrow money for that purpose, and it is information they want as to how the market is—that is the information you are furnishing!

**Mr. HASTINGS.** Yes, sir. I will quote an instance for the Senator's benefit that happened within three weeks.

**Senator STONE.** I think the explanation had better rest where the Senator from Utah has put it, if it will be satisfactory to all.

**Senator SMOOT.** It is perfectly satisfactory to me.

**Mr. HASTINGS.** Within three weeks, the little mill I am interested in at Niagara Falls was shut down because they did not have any business, and yet I know that other mills in this country were out buying paper to supply their customers. I could not sell paper. I tried to sell it in New York City and in Baltimore, at cost and below what it cost us to make, and yet I could not get any business. Now, what would you have the Government say to me if they knew I had shut down—that I must make paper? When I did get an order, it was from another mill for paper to supply its customers, and I made paper for that mill at a higher price than they sold it for. Market conditions vary in different parts of this country, but, as a basic principle no manufacturer in this country can pay a manufacturing staff if the market will not absorb his product, and of all things, newspaper. The newspaper has been so hampered all its life by being given passes on the railroads, theater passes, paper below cost, that they would not think of buying a ton of paper if they could not use it the next day. What does the newspaper of this country supply toward the support of this Government, besides getting their mail carried for nothing?

**Senator WILLIAMS.** What do they?

**Mr. HASTINGS.** I think they supply nothing.

**Senator WILLIAMS.** Nothing?

**Mr. HASTINGS.** No; except if there were an income tax, they might.

**Senator SMOOT.** Or a corporation tax.

**Mr. HASTINGS.** Or a corporation tax.

**Senator STONE.** You heard Mr. Norris, when he was making his statement the other day, refer to a meeting in Chicago, November 10, I believe, 1909?

**Mr. HASTINGS.** Yes.

**Senator STONE.** At which you were present with other manufacturers. Did you then discuss the question of fixing the price of paper?

**Mr. HASTINGS.** We did not; and the price of paper was not mentioned.

**Senator STONE.** Was not mentioned?

**Mr. HASTINGS.** No, sir.

**Senator STONE.** Were you present in a parlor car at a meeting to which Mr. Norris refers?

**Mr. HASTINGS.** I was; the first time I was ever in a private car; the publishers were running the car.

**Senator STONE.** You were accepting the hospitalities of these men?

**Mr. HASTINGS.** No; they were going up to view a new plant, and the private car was furnished, I think, for the party, and the publishers were going along as guests.

**Senator STONE.** Were there publishers along on that occasion?

**Mr. HASTINGS.** There were on the occasion he refers to; at least he thinks he is referring to it.

**Senator STONE.** Was anything said about the price of paper?

Mr. HASTINGS. There was.

Senator STONE. What was said?

Mr. HASTINGS. Let me tell you the same story that I told the grand jury. We went into this private car at a place called Little Falls, Minn., and were going up to International Falls. We got on about 1 o'clock in the morning. I asked the conductor who was in the back car, and he said Mr. Backus, the president of this new concern; that they were playing bridge. In the party playing bridge were two newspaper publishers, one from Detroit, Mich., and one from Chicago, representing two large papers. After they got through with the game I was introduced, though it was hardly necessary, as I had known them for a number of years. Mr. Backus said, "These men are trying to make a contract, Mr. Hastings, for their supply of paper. They offer me 2 cents a pound for delivery in Chicago; what would you do about it?" I said, "I tell you, Backus, speaking from my experience, if you want to make a good fellow of yourself I would sign it, but you would be a damn fool if you did because you can get more money."

Senator BAILEY. Mr. Chairman, I do not want to interfere with this investigation and the course of it, but I now suggest that if the Government sees fit to prosecute these gentlemen—and it should do it if they are violating the law—we are giving them immunity here by this course of examination.

Mr. HASTINGS. I will waive that, Senator Bailey. Before you came in I said I had been before the grand jury.

Senator STONE. I am not inclined to agree with the view that if a man comes voluntarily before this committee to make a statement and he is asked some questions, that would give him immunity.

Senator BAILEY. But he did not come before the committee to make a statement affecting his violations of the law; and if, when he is before the committee, he goes into those questions, I think the Senator will find that if a prosecution is instituted we have granted him immunity.

Senator CLARK. Mr. Hastings says he has already testified before the grand jury.

Senator BAILEY. The very fact that he stated that he had been before the grand jury led me to believe that the Government had this very subject under investigation.

Mr. HASTINGS. They did have.

Senator BAILEY. Mr. Chairman, what we are trying to do is to get information upon which to form a judgment with respect to this legislation, and not information with respect to the criminal misconduct of the gentlemen who appear here, if they have been guilty of it.

Senator STONE. I am not seeking to establish a crime, but I would like to know something of the general character of the work of this association, as it might bear upon the legislation that we are engaged in considering.

Senator GALLINGER. You think it might change your mind if certain lines of testimony were given?

Mr. HASTINGS. I have the greatest desire to give you full information of our association's work. There is no secrecy about it. It is perfectly open; any man is welcome to come there and see. We gather statistics on the paper business. We are headquarters for in-

formation as to where paper is being made in different parts of the country. Figures are gotten from the best available source, which is the American Paper Pulp Association.

Senator STONE. I would like to ask you if, very soon after that meeting at—

Mr. HASTINGS. Chicago?

Senator STONE. No; the falls.

The CHAIRMAN. International Falls?

Senator STONE. International Falls—the prices of paper were not announced as being fixed.

Mr. HASTINGS. I do not know as to the International Paper Co. I know what the price was that Mr. Norris gave here. As a matter of fact, there was nobody connected with the International Paper Co. that was in that party, so I do not know anything about their policy, and can not answer for that.

Senator STONE. Were the prices of other manufacturers announced?

Mr. HASTINGS. No, sir.

Senator STONE. Or very soon afterwards?

Mr. HASTINGS. Very soon after that? Not that I know of.

Senator STONE. Well, you say yes, and then you say you do not know. Do you know the president of the Union Bag & Paper Co.?

Mr. HASTINGS. Very well.

Senator STONE. Is he a member of your association?

Mr. HASTINGS. His company is; yes, sir.

Senator STONE. Did you see an interview with him?

Mr. HASTINGS. Yes, sir.

Senator STONE. Printed in the London papers?

Mr. HASTINGS. Yes, sir.

Senator STONE. Well, did you see where he advised the London manufacturers to adopt a price of \$45 a ton for that paper?

Mr. HASTINGS. I do not remember that. I do not know what he has got to do with it; he does not make any.

Senator STONE. Did you see where he stated in that interview that the larger paper companies would reduce their production to 35 per cent of their normal output?

Mr. HASTINGS. No, sir; I did not see where he said that.

Senator STONE. And that it was done so as to allow the weaker mills to get a market? Did you see that statement?

Mr. HASTINGS. I think he was speaking of sulphite pulp, was he not? You said paper. If he said paper, I never saw it.

Senator STONE. Did he say it as to sulphite pulp?

Mr. HASTINGS. I do not know. It was printed that he did.

Senator STONE. I am asking you as to the interview.

Mr. HASTINGS. I saw the interview; yes, sir. I was just looking at it to refresh my memory. If they have reduced their production, it was because they could not sell the pulp.

Senator STONE. Then he did say it?

Mr. HASTINGS. He might have said it, as far as I know.

Senator STONE. He is reported as having said it.

Mr. HASTINGS. Well, I will take it that he did say it.

Senator STONE. If he did say it, how do you construe it?

Mr. HASTINGS. That they could not sell the pulp.



Senator STONE. And so they reduced the output to 35 per cent of the capacity?

Mr. HASTINGS. They reduced it 35 per cent, running 65 per cent of the time. That is what I take it to be.

Senator WILLIAMS. In order to enable the weaker mills to have a market. Is that the language?

Mr. HASTINGS. That is the language used there. As a matter of fact, it is the enormous importation of foreign pulp coming in here to-day. There is not a sulphite mill in this country to-day running full time, and I do not see how he can run full time for some time ahead by reason of the foreign importations that are coming in and paying the duty and being sold at less than he can manufacture it for.

Senator STONE. Did he say they reduced it 35 per cent or reduced it to 35 per cent?

Mr. HASTINGS. I do not know what he said.

Senator STONE. Well, is reported as saying?

Mr. HASTINGS. I haven't it before me, but I know that the mills averaged 65 per cent, so if he said they cut it down to 35 per cent he did not know what he was talking about.

Senator STONE. He ought to know what he is talking about. He is a member of your association?

Mr. HASTINGS. Yes, sir.

Senator STONE. What is the name of the mill with which you are connected?

Mr. HASTINGS. The Cliff Paper Co., of Niagara Falls, N. Y.

Senator STONE. What is its capital?

Mr. HASTINGS. Four hundred thousand dollars, practically; \$200,000 in stock and \$200,000 in bonds.

Senator STONE. How long has it been running?

Mr. HASTINGS. About 20 years.

Senator STONE. What was the capital at the date of its organization?

Mr. HASTINGS. One hundred thousand dollars.

Senator STONE. Paid up?

Mr. HASTINGS. Yes, sir; I mean we only had \$100,000 capital, but we put in over \$200,000 in cash.

Senator STONE. How was that entered on your books?

Mr. HASTINGS. As cash received.

Senator STONE. Do you have a surplus?

Mr. HASTINGS. No, sir; we spent it in improvements. It shows in the plant.

Senator STONE. You put in \$3 for every \$1 of stock, then?

Mr. HASTINGS. No, sir.

Senator STONE. You say you put in \$200,000 in addition to \$100,000.

Mr. HASTINGS. I say we put in \$100,000 additional—\$200,000 altogether.

Senator STONE. That is \$2 for every dollar of stock.

Mr. HASTINGS. Yes, sir; then we increased that afterwards.

Senator STONE. You state now that you have \$200,000 surplus and \$200,000 of paid stock.

Mr. HASTINGS. We have \$400,000 represented by our stock and bonds, which represent the investment we have in the plant.

Senator STONE. What is the stock worth—the market value of it?

Mr. HASTINGS. I do not think it has any. There has not been any sale since it was organized.

Senator STONE. What is it held at—what dividends are paid on it?

Mr. HASTINGS. The last two years, none. We have averaged for 20 years possibly 6 or 7 per cent—between 6 and 7 per cent.

Senator STONE. Was that the total of the profits? Did all of the profits go into the dividends?

Mr. HASTINGS. In the meantime we accumulated a surplus.

Senator STONE. Of how much?

Mr. HASTINGS. \$200,000 in 20 years.

Senator STONE. Did you enlarge the plant?

Mr. HASTINGS. We improved it; yes, sir.

Senator STONE. Out of the profits?

Mr. HASTINGS. Yes, sir; we kept it up in a certain way.

Senator STONE. You paid 6 or 7 per cent dividends, accumulated \$200,000 surplus, and enlarged the plant, or improved the plant?

Mr. HASTINGS. That came out of the surplus.

Senator STONE. You put the surplus into improvements?

Mr. HASTINGS. Yes, sir; and we consider the plant as worth more now than it was 20 years ago. I would like to say—

Senator STONE. One moment until I get through on this point. Aside from the plant, no matter whether it was the original plant or an improved plant—how much surplus have you?

Mr. HASTINGS. I do not think we have any. You must remember that we are a little differently situated to many people. We do not own the ground; it is leased, and within a few years we have practically got to give the mill back to the man who owns the ground; it is not our own.

Senator STONE. What is the value of the plant?

Mr. HASTINGS. I consider it not very valuable. I do not consider it a valuable plant because it has got to be wrecked. If we can not make the arrangements with the Power Company to run their lines within about 12 or 15 years the plant is not worth anything.

Senator STONE. Oh, well, that is a contingency.

Mr. HASTINGS. Well, it is a very large contingency. It is on his ground.

Senator STONE. You can not move it—

Mr. HASTINGS. I say it is on his ground. It is not our ground.

Senator STONE. Let me put the question in this form. How much investment does the plant represent?

Mr. HASTINGS. It represents in actual cash \$200,000.

Senator STONE. You started 20 years ago with \$200,000?

Mr. HASTINGS. All right.

Senator STONE. And you accumulated a surplus of \$200,000 and doubled your stock. That is an increase of \$300,000.

Mr. HASTINGS. Well, your arithmetic is a little too rapid for me. We put in \$200,000 capital to start, and then \$200,000 representing our surplus. That is \$400,000. We have accumulated \$200,000.

Senator STONE. You started with \$200,000?

Mr. HASTINGS. We did.

Senator STONE. You afterwards accumulated, I understood you to say, a surplus of \$200,000?

Mr. HASTINGS. Yes, sir.

Senator STONE. That is \$200,000 more?

Mr. HASTINGS. Yes, sir.

Senator STONE. Now, you have increased your stock \$100,000?

Mr. HASTINGS. No; you are wrong in that. We have not increased our stock any beyond that.

Senator STONE. What is the capital stock now?

Mr. HASTINGS. I explained that our capital stock originally was \$100,000, for which we paid in \$100,000. We put in another \$100,000 in cash and built the mill with it, and then we issued stock for it. Now, we have got \$200,000 in cash that we put into it. We have \$200,000 more. That was not accumulation. I admit that. You can not tie me up on any other figures.

Senator SMOOT. That \$200,000 went into the enlargement of the plant?

Mr. HASTINGS. Yes, sir.

Senator SMOOT. And that is what you call a surplus?

Mr. HASTINGS. Yes, sir; and at the end of 15 years the plant does not belong to us.

Senator GALLINGER. You make a little more profit each year than a Senator's salary.

Mr. HASTINGS. I do not know what the Senator's salary is. I would say that it ought to be more than that if he has got to sit here all summer.

Senator STONE. The profit, as you figure it, is \$200,000 for 20 years on an investment of how much?

Mr. HASTINGS. I thought I had said \$200,000 had been put into it.

Senator STONE. Then in 20 years your profits, in the form of accumulations, aside from dividends, represent 100 per cent.

Senator STONE. In 20 years.

Mr. HASTINGS. Yes, sir.

Senator STONE. And during that time you have been paying about 7 per cent dividends.

Mr. HASTINGS. Who is going to pay us back the \$200,000?

Senator SMOOT. At the end of the 15 years.

Mr. HASTINGS. Yes; that has got to come out somewhere in the bookkeeping.

Senator CLARK. You will get it back if this bill passes.

Mr. HASTINGS. Yes; and I want to say that I have an offer to-day—

Senator STONE. When you were paying 7 per cent dividend, it was 7 per cent on what amount?

Mr. HASTINGS. I am talking of the average now.

Senator STONE. And I am.

Mr. HASTINGS. One year we paid more than that.

Senator STONE. I do not care whether it was 6 or 8 or what, but on what amount of capital did you pay?

Mr. HASTINGS. On \$200,000.

Senator STONE. Not on the surplus?

Mr. HASTINGS. No, sir.

Senator WILLIAMS. The surplus amounted to about 5 per cent a year, did it, during the 20-year period?

Mr. HASTINGS. Well, it would amount to about that.

Senator SMOOT. Not taking into consideration the compound interest upon the accumulating surplus during the time.

Mr. HASTINGS. Yes, sir; roughly speaking.

Senator McCUMBER. When the 15 years are up, you lose your buildings, do you?

Mr. HASTINGS. Yes, sir; I believe if you look into this matter—you gentlemen who know the paper manufacturing business in your own States—you will find that there has not been any exorbitant profit at all. We began as they have in other lines of business, but it has been instilled into your minds, through constant publication, that we are a lot of robbers, because—

Senator WILLIAMS. You think they have taken advantage of our ignorance.

Mr. HASTINGS. No; I mean the general public; not you, but everyone.

Senator JOHNSON. I would like to ask you a question. You made a statement that startled me a little. You stated that the pulp and paper industry was in a depressed condition and was not at the present time making any profit. Did I understand you correctly?

Mr. HASTINGS. The majority of them, yes, sir.

Senator JOHNSON. I have not any knowledge except as to the industries in my own State of Maine. Is that true there? I had not supposed it was from what I know of it down there.

Mr. HASTINGS. You have two or three plants there that are probably the best plants in the United States. They were conceived by bright men who went in there and bought woodland at a very low price; they got the contracts for water power, and have got the mill, and they can manufacture it cheaply, as compared with any other mill, and their business has been good. One of the very mills that I speak of—our little mill at Niagara Falls, was selling paper to one of your big mills in Maine that could not fill the orders.

Senator JOHNSON. Which one?

Mr. HASTINGS. The Great Northern, I think.

Senator JOHNSON. They have a great plant at Millinockett.

Mr. HASTINGS. Yes, sir; an enormous plant.

Senator JOHNSON. And have large areas of woodlands.

Mr. HASTINGS. Yes, sir; they have large areas of woodlands, yet it was stated before the Finance Committee, I think the last Finance Committee—at any rate the time the Payne-Aldrich bill was under consideration—that in 10 years their profit averaged 2 per cent.

Senator JOHNSON. They have been all the time improving their quality of woodland and improving and extending their plant.

Mr. HASTINGS. I think that is so, but there had been no enormous profit from the investment.

Senator STONE. Have you invested in woodland?

Mr. HASTINGS. I have not. I have never accumulated enough to do so. I would like to, because I think it is a good investment.

Senator STONE. Where do you get your wood?

Mr. HASTINGS. We buy it from the Adirondacks, and have mainly for the last two or three years, from a dealer there.

Senator STONE. What do you pay for it?

Mr. HASTINGS. We pay for a rossed wood—that is, a wood all prepared; we do not have to handle it at all—which cost us, I think, this year about \$14 a cord delivered at Niagara Falls.

Senator STONE. When it reaches your mill it is all ready for reducing to pulp?

Mr. HASTINGS. Yes, sir.

Senator STONE. Mr. Hastings, would you object to filing your statement and account, by years, of the dividends paid by your company?

Mr. HASTINGS. Not at all.

Senator STONE. And the increased stock and the accumulations of surplus.

Mr. HASTINGS. I would be very glad to do so.

Senator STONE. I wish you would do it, so that we can examine it.

Mr. HASTINGS. We have been examined so much that we have no modesty.

Senator STONE. You have stated that your books are open.

Mr. HASTINGS. They have been open, unclothed; naked.

Senator WILLIAMS. As a matter of fact, you are not afraid of the Government much anyhow, are you?

Mr. HASTINGS. We are not afraid of the Government. We are afraid of the influence of the other fellow upon the Government. That is what we are afraid of, and he has more influence than we have because he makes more noise.

Senator STONE. But you get the best of it—you have been getting the best of it.

Mr. HASTINGS. We have not been getting the best of it. That is where you have made a mistake. We are entitled to \$6 duty on paper instead of \$3.79.

Senator STONE. Your will or wish has been more written into the tariff laws than that of the consumers of your product, has it not?

Mr. HASTINGS. The consumer?

Senator STONE. It has been more regarded—your wish—in the making of tariff laws than that of the man who buys the product?

Mr. HASTINGS. Absolutely; yes, sir. Why should it not be? What does he demand? He has no right to come here and demand that the duty shall be taken off of what he buys. We do not come here and ask that you take off the duty from cotton felts or wool felts or wires.

Senator WILLIAMS. That is because you have been in at the cutting of the pie, is it not?

Mr. HASTINGS. No, sir; there has been no pie to cut.

Senator STONE. I think that a fellow who is being hothoused by the Government ought not to ask the Government to quit hothousing other people.

Mr. HASTINGS. I agree with you.

The CHAIRMAN. Is there anyone else in your party, Mr. Hastings, who desires to be heard?

Mr. HASTINGS. Not that I know of, Mr. Chairman.

The CHAIRMAN. Does that close your statement?

Mr. HASTINGS. Yes, sir.

The CHAIRMAN. Now, Senator Gamble, if you will introduce any of the members of your delegation the committee will hear them.

Senator GAMBLE. Mr. Chairman, there is a delegation from my State, and I will give the list of our delegates. They were elected at the State convention held at Aberdeen on the 19th of this month, and they desire to be heard upon the provisions of this bill, especially as it relates to the agricultural interests, and I take pleasure in first presenting Mr. A. E. Chamberlain, who will present the subject in the first instance.

(The list of delegates submitted by Senator Gamble is as follows:)

**SOUTH DAKOTA DELEGATION.**

A. E. Chamberlain, Brookings; W. H. Lyon, Sioux Falls; A. W. Kruger, Groton; Otto Johnson, Redfield; J. C. Simmons, Aberdeen; W. H. Wenz, Bath; M. P. Beebe, Ipswich; J. D. McKinney, Clark; W. B. Burr, Walworth County; E. J. Mather, Groton; O. W. Cochran, Edmunds County; E. E. Klapp, Clark County; Hugh N. Allen, Aberdeen.

Senator SIMMONS. Mr. Chairman, before Mr. Chamberlain begins, I ask to present to the committee a statement made by W. L. Clement, secretary and treasurer South Atlantic Lumber Co. and secretary and treasurer W. L. Clement Lumber Co. Mr. Clement was before the committee a few days ago, but he did not have time to be heard and had to go away that night. I asked permission then that he be allowed to send this statement for the record, which he has done.

**STATEMENT IN WRITING OF W. L. CLEMENT, REPRESENTING SOUTH ATLANTIC LUMBER CO. AND W. L. CLEMENT LUMBER CO., SUBMITTED BY SENATOR SIMMONS.**

The CHAIRMAN. The statement will be inserted in the record, and when the final print is made it will be put in its proper place with the hearings on the lumber question.

(The statement referred to is as follows:)

GREENSBORO, N. C., May 22, 1911.

*Mr. Chairman and Members of the Finance Committee of the United States Senate:*

I esteem it an honor to be permitted to present to you my views of the reciprocity bill which is now pending before your honorable body and the effect its passage will have upon the lumber industry of my section. It also gives me pleasure to present these views to you, because I am convinced that you are endeavoring to arrive at a correct solution of this problem and to enact such legislation as would be for the benefit of our country as a whole.

I have been engaged in the lumber business in the States of Virginia and North Carolina, in the Piedmont section, for 23 years and am familiar with the conditions of the lumber trade in this section at the present time. I do not present to you the views of any organization or association of manufacturers. My views are my own; and incidentally my views, while being my own, represent the views of a very large number of manufacturers of lumber in Virginia, North Carolina, and South Carolina who are not affiliated with any association or any trust, who manufacture and market their lumber independently as directed by their individual judgment. It has been testified before your body by the members of the North Carolina Pine Association, who so ably presented their case, that the members of that association controlled about one-third of the output of North Carolina pine. It was also stated that there were in the States of Virginia, North Carolina, and South Carolina about 8,000 sawmills. The membership of the North Carolina Pine Association is less than 100, allowing each one of the members to own or control 5 mills, which is a very liberal estimate; this leaves 7,500 mills not affiliated with this association or any other association. I believe that this estimate is a very conservative one, and estimating that each of these 7,500 mills employ 10 laborers, we have an aggregate of 75,000 employees dependent upon the lumber business for their daily bread in the three States. While, as stated, my views are my own, they fairly represent the views of this entire body of men.

In explanation of my position on this matter, I will state that my political faith is Democratic. I believe that it is necessary to raise money for the expenses of the Government by an indirect tax, and that a tariff on imports is the proper way in which to raise a part of this revenue. I do not think it is inconsistent with the Democratic position to oppose this bill when its inequalities and injustice are so plainly evident. Although my political faith is that of a Democrat, the section of the three States of which I am speaking contains a large part of the strength of the Republican Party in these three

States. The percentage of Republicans to Democrats is possibly about 40 per cent. I think the same average is true as to the political faith of the men in the sawmill business. I think I am correct in stating that of whatever political faith, the entire lumber industry of this section is opposed to the passage of this bill, for the reason that we consider it unjust. Under the provisions of this bill 49 per cent of the reductions that will be made in the tariff are on lumber alone. Without having the actual figures before me, I think a large part of the lumber that is now and will be imported from Canada is the lumber that will come in direct competition with our product. The product of the mills in the section of Virginia, North Carolina, and South Carolina is marketed in the northern States of Ohio, Pennsylvania, New York, New Jersey, New Hampshire, Rhode Island, Connecticut, Massachusetts, and Vermont, while a small proportion is shipped into the State of Maine. This territory mentioned is the largest consumer of low-grade lumber in the world. Our product is largely low grade. About 90 per cent of the output of our mills is what is commercially known as No. 4, or box grade. This is used almost exclusively in the manufacture of boxes and crates. A very small percentage of our lumber in the low grade is sold for building purposes, and is not used to any extent for underflooring or undersheathing. Our lumber is peculiarly well adapted for the manufacture of boxes and crates on account of the softness of its texture and light weight, as compared with the lumber on the east coast of Virginia, North Carolina, and South Carolina. Speaking particularly of the lumber manufactured in the immediate vicinity of Greensboro, which constitutes an aggregate of 250,000,000 to 300,000,000 feet annually; speaking more particularly of the lumber manufactured and shipped from the immediate vicinity of Greensboro, N. C., which is about 50,000,000 feet annually, 90 per cent of this annual output is shipped within less than 200 miles of the Canadian line, and therefore will come in direct competition with the low-grade lumber of Canada.

As an evidence of the lowering of the duty by the Payne-Aldrich bill from \$2 per 1,000 feet to \$1.25 per 1,000 feet, the average price on this lumber has declined from \$21.50 to \$18.50 per 1,000 feet delivered on the markets. This average price is made up from the markets taking a rate of freight of 27 cents per 100 pounds from Greensboro producing territory. You will find by reference to the joint tariff of the Atlantic Coast Line Railroad, the Seaboard Air Line Railroad, and the Southern Railway, the zone which this covers, which briefly begins at Boston on the north, striking a line across to Rochester, N. Y., as far west as Erie, coming south as far as Pittsburg, taking in all of northern Pennsylvania and northern New Jersey, there are a few points within this radius that take a higher or a lower rate, but practically all of these points within this radius are covered by a rate of 27 cents per 100 pounds from Greensboro producing territory. Now, it may seem unreasonable to you that a decline of \$3 per 1,000 feet in the price of this lumber was brought about by a reduction in the tariff of 75 cents per 1,000 feet. This can be accounted for by the fact that when this duty was lowered the Canadian producers shipped into this section a considerable quantity of low-grade lumber. The supply at this time was already beyond the demand, and this created an additional surplus which caused stronger competition and caused the prices to be bid down.

Now, this may suggest the idea to your minds that there was an abnormal profit in the business and that by reason of this competition the abnormal profit was removed and that we are now receiving a fair price for our lumber. In order to relieve your minds of any such wrong impression, I will give you figures which can be verified by any one of the 7,500 mills in operation in this territory. The figures that I give are very conservative, and of course do not apply to each individual mill, as the cost of the majority of them far exceeds the figures I shall give, and in a very few exceptions they are less:

[Per thousand feet.]

Stumpage.....	\$2.50
Average cost of logging to portable sawmills.....	2.50
Sawing.....	3.50
Hauling to the railroad (average distance 4 miles).....	1.50
Dressing and loading on cars.....	1.50
Freight.....	5.94
Cost of selling, 5 per cent.....	.87
Cash discount, 2 per cent.....	.34
Total.....	18.65

or a net loss under the present market conditions of 15 cents per 1,000 feet, not counting anything for the interest on investment, the natural wear of machinery, wagons, horses, mules, and oxen. The actual cost for these items exclusive of interest is more than \$1 per 1,000 feet; so that the actual net loss of the mill operator in this section on their output of lumber is more than \$1 per 1,000 feet.

The question may arise in your minds: Is all of this lumber a box grade? This is almost the fact. There is an average of possibly 10 per cent of better grade in our product. There is also about 10 per cent of lumber below the grade of box, which can not be shipped, which equalizes the price to that of the box grade. In fact, my company for more than a year has abandoned selecting out the small percentage of better grades. We found the extra cost of handling overcame the advance in price, so we have only made one grade, that of boxing lumber. To eliminate the present low duty of \$1.25 per 1,000 feet on lumber from Canada, we will have a still further reduction in the price; and we frankly admit that this means ruin for the business of these portable mills. About 30 per cent of the output of these mills is consumed in their immediate locality. The prices are not fixed by the towns and cities in these States, but are fixed absolutely by the demand on the northern market. The price of this grade of lumber to-day in the rough is \$11 per 1,000 feet delivered at Greensboro, N. C. It can be bought delivered in any quantities from the retail yards by the builders in our cities at \$14 per 1,000 feet, and if the quantity is large enough to justify buying direct from the manufacturer and shipping it in carload lots the builder can get this lumber delivered on the ground for the building at about \$12 per 1,000 feet. The decline in the last two years has been in exact proportion to that of the northern markets, which is \$3 per 1,000 feet. Two years ago this lumber was worth \$14 in carload lots to the retail dealers and \$17 to the building trade.

This demonstrates to you very clearly that there is no Lumber Trust among the portable mills of Virginia, North and South Carolina; neither can there ever be. The price will always be governed entirely by supply and demand, and in behalf of these 75,000 men I ask that you give very careful consideration to placing upon the statute books a law that will take away from them their employment. I think that I am conservative in saying that 70 to 80 per cent of the laborers employed by these mills are white men, and it is a class of labor not inferior to the labor of Canada or any other country. The average wages paid are \$1.25 per day of 10 hours. These wages are too low. They should receive an amount equal to the wages paid in Canada, which has been testified to be \$1.75 per day of 10 hours, and the only reason why our laborers do not receive an equal compensation is that the price of the product does not justify paying these wages, as it is extremely difficult for us to meet our present pay roll. In examining the figures that I have given—showing a loss of \$1 per 1,000 feet in the manufacture of lumber—you may well ask: Why is it that these people are not all in bankruptcy, or will they not soon be? This can be explained in two ways. First, during the period of years 1903, 1904, 1905, and 1906, the average price on our lumber enabled the manufacturer to receive a profit. This money was invested in standing timber and machinery by most manufacturers and carried on deposit with their banks. This has enabled a large number of our mills to hold together their organization and continue business up to the present time. The operators being men of small affairs are in close touch with their employees, many of whom are their kinsmen and friends. From a selfish viewpoint they want to hold these men together in order to have them run their business when it becomes profitable; again, they feel that they should not discharge their employees without any means of living and have them move off to seek employment elsewhere.

I regret, on the other hand, to say that a large number of our mills have gone into bankruptcy, and that a still larger number have their machinery and equipment under heavy mortgages, and unless they get relief all of them are facing bankruptcy. There are no more reciprocal people in the world than our people. They believe in reciprocity in all things, and if they considered that this was a reciprocal treaty they would favor it; but from their viewpoint they can not see why they should be forced to sell their lumber in competition with free lumber from Canada when all the machinery and tools they have to buy are on a protective basis. I should not say protective basis, but on a prohibitive basis. There are no machinery or tools that are used by the sawmills of the country that are imported, and investigation will show that they pay from 30 to 50 per cent more for their machinery and tools than the manufacturers of other countries. For



instance, in the year 1805 30-pound steel rails, which are used largely in this section for logging roads, cost, delivered, \$36 per ton. The same rails manufactured by American manufacturers were worth in Liverpool \$21 per ton; and while I haven't the figures before me, I presume could have been bought in Canada about this time at about the latter price. Should it be your pleasure to pass this bill, we also urgently insist that you deal fairly with us, and add to the free-list bill all sawmill machinery, tools, belting, oils, etc., and this will in a measure relieve the injustice to our industry.

#### FOREST CONSERVATION.

One of the principal arguments that has been advanced in favor of the free lumber with Canada is that it will tend to conserve our forests. This is altogether a mistaken idea, and no man who has been familiar with the lumber industry of this country for the past 25 years will make this argument. As an instance of the waste of our forest by the low price of lumber, I will give you the instance that came under my earliest observation of the lumber industry. In the year 1879 my father, Adam Clement, owned a tract of original growth short-leaf yellow pine, located 10 miles from Concord station on the Norfolk & Western Railroad in Campbell County, Va., containing 400 acres. The timber on this land was sold for \$4 per acre. A mill was moved into this tract of timber land, and these fine trees, averaging 2 feet in diameter and 70 feet in length, were cut down, and from a minimum of 16 feet to a maximum of 48 feet were cut into logs 12 and 16 feet long, hauled to this mill and manufactured into lumber. The remainder of these trees were left in the woods to decay; they soon became full of worms, which spread to the growing timber and destroyed a large part of what was left. Now, the reason that all of these trees were not cut into lumber was that the price of lumber did not justify manufacturing anything except the logs that would produce clear lumber—lumber of a No. 1 and No. 2 grade. There was only a very limited demand for the No. 3 and No. 4 grades, and the prices did not justify putting it on the market. This is a fair sample of the way operations were conducted at that time, and so continued until about 1897. I think that a conservative estimate would be that 50 per cent of all the trees that were cut down in this section of Virginia, North and South Carolina was left in the forest, and that by reason of this a large amount of timber was left on the ground to breed worms, that are so disastrous to our forests that 25 per cent more of the standing timber was destroyed.

We no longer have any forests of original-growth timber in these sections, or the quantity is so small that it is not to be considered. We, however, have a second-growth pine that perhaps covers 40 to 50 per cent of the land in this section. It had been the custom of the farmers when they wanted to clear a piece of land for cultivation to cut down this timber and let it lay on the ground for a year until it became dry, then they would set fire to it and burn all that could be burned in this manner. The remaining logs were rolled together in log heaps and burned. In this manner billions of feet of this timber were destroyed because it had no commercial value. The lands covered with this timber were often a part of the pasturage of the farmers, and it was also their custom, in the spring of the year, to set fire to this forest of second-growth pine in order to burn off the accumulation of straw so that the grass could put up for their cattle. In this way hundreds of millions, and perhaps billions, of feet of this timber were completely destroyed. The condition to-day is entirely reversed. This second growth land contains an average of about 5,000 feet board measure of timber per acre. This now has a market value of \$2.50 per 1,000 feet, or \$12.50 per acre. The farmer is conserving this timber by protecting it from fires because it has a commercial value to him, and is thereby tending to conserve the forest. Our lands will produce a crop of this second-growth pine that can be manufactured into lumber in 30 years. In 50 years it will produce 5,000 feet per acre. Give this timber a stumpage value of \$10 per 1,000 feet instead of \$2.50 per 1,000 feet, and you will find our country practicing scientific forestry and raising more timber than we consume. Reduce the price of this stumpage and we will again have forest destruction instead of forest conservation.

I trust you will pardon this suggestion, but for the benefit of those who are in favor of this bill on account of their belief that it will tend to the conservation of our forests, it would be wise for them to consider putting on the free list creosote and creosoting oil. It has been demonstrated that the timber

of which I am speaking—the sap short-leaf second-growth pine of North Carolina, Virginia, and Tennessee—can be used for cross-ties and construction timbers, and that it will have a life of about 15 to 20 years by treating it with creosote. The hardwoods and heart pine only have a life of from 6 to 7 years under similar conditions. The present cost of treating these materials is about \$15 per 1,000 feet, which cost is made up largely of the creosote and creosoting oils that are consumed, on which I understand the present tariff law imposes a high duty. Do not understand that I am in favor of free trade, or that I believe that creosoting oil should be singled out as one item that should be put on the free list. We should be consistent, and if we believe that free lumber will conserve our forests, undoubtedly free oils will still further conserve them.

It has been suggested by the Senator from Mississippi that it will be impossible to make any reduction in the tariff until we can get a Democratic Senate and a Democratic President on account of each interest demanding that they shall not be singled out and discriminated against unjustly. I could well understand why a Senator from a State that produces no lumber could make this argument; but I can not understand why he should be willing, for the sake of the possible political effect it will have upon the election of 1912, to discriminate against the largest industry in his section and to be in favor of a bill to place upon the free list in competition with Canada the lumber of Mississippi, and to allow to remain upon the statute books a law imposing a high duty upon everything that the lumbermen have to buy. He seems to have the erroneous idea—from a statement made by him during the course of hearing—that the lumbermen of the South are very rich.

There are a few lumbermen in his State, and also in our State, that when timber lands had no value bought up large quantities of timber lands at nominal prices. On account of the advance in the price of timber lands these people have become rich on timber, or in some instances they have sold out their timber lands for the advanced price and retired from the business. In other instances they have reorganized their companies, or, in case of individuals, have organized companies, putting their timber into a company at the increased value, and capitalists have put in money on the basis of this revaluation and made large and rich companies. The increase in the worth of people in the sawmill business in this State has not been very largely on account of the profits of the business. While during the years 1901 to 1906 there was a profit in the lumber business, there was not during this period an abnormal profit made from this business by any manufacturer, if he considered his stumpage at a true valuation, and I doubt if there is any manufacturer that during this period made as much money as he could have realized from the increased value of his stumpage had he allowed it to remain standing and sold in 1906. Answering another question made by the Senator from Mississippi as to why it was that when he went to buy lumber to-day he had to pay such a high price for it, so much more than he had to pay 10 or 20 years ago—I will answer this by saying there are several causes for it, one of which is the increased cost of production. As he very well knows, 20 years ago the average price paid to labor by the sawmill man was 50 cents per day, the hours of work being from daylight until dark, and often taking a few hours on the moon end of the night. Then it was that the cost of producing lumber was only about 50 per cent of what it is to-day. To-day we pay an average of \$1.25 per day for our labor, and they work 10 hours.

The reason the cost of producing lumber to-day is not three times what it was 20 years ago, is on account of the improved machinery which has reduced the cost of handling, and if we had the same labor condition to-day that we had 20 years ago with the improved machinery, there would really be no causes for his paying a higher price to-day than at that time except for the increased value of stumpage. I presume, from his remarks, that he has had experience in building houses, and would respectfully call his attention to the probable fact that he is paying to-day twice as much for his labor and other materials as he did 20 years ago, and that this is not out of proportion to his lumber cost. I do not care to burden the records with any further discussion of this subject, but respectfully ask that you consider carefully the following reasons for not passing this bill:

First. Because it imposes upon one industry a heavy burden without any corresponding benefits.

Second. Because the condition of this industry is such that it is threatened with universal bankruptcy. We can not compete with Canada, not on account

of the cost of manufacture, as I believe that the mills that I am representing can and will continue to manufacture as cheaply as Canada, but first on account of our higher cost of transportation to the markets and the fact that our product contains no high grades from which to derive a profit, whereas the products in Canada run largely to the higher grades, enabling them to market these low grades at less than cost of manufacture.

Third. I believe in a tariff for revenue only, but with this we must have incidental protection, and urge that the tariff on lumber remain as it has always been—on a revenue basis.

Fourth. Because it is not in the interest of forest conservation, but will tend to a return of forest destruction.

Should your committee desire to have from me a more detailed statement as to the cost of manufacture, transportation, and general conditions of the business in this section, I shall be pleased to appear before them at any time they may suggest; or, if they will write out such questions as they want to ask, and forward to me, I will take pleasure in answering them at once. I will state, however, that in presenting the views to you they are not the views of any organization, as the manufacturers that I am representing have no organization or association of any kind, and, therefore, have no compiled statistics.

W. L. CLEMENT,  
*Secretary and Treasurer South Atlantic Lumber Co.;*  
*Secretary and Treasurer W. L. Clement Lumber Co.*

Senator CRAWFORD. Before Mr. Chamberlain addresses the committee I wish to say in his behalf—so that the committee may understand who he is—that he is connected with our State agricultural college and is the conductor of farmers' institutes in our State, and has been for a number of years; and to show the nonpartisan character of the sentiment as represented, I will say that he is a Democrat. We have gentlemen here representing all parties—not representing any party, in fact, but representing the sentiment of the farming community of our State.

The CHAIRMAN. Mr. Chamberlain, you may proceed.

#### STATEMENT OF A. E. CHAMBERLAIN, BROOKINGS, S. DAK.

Mr. CHAMBERLAIN. Mr. Chairman and gentlemen, I feel almost like apologizing after reading the mass of testimony and argument that has been submitted to your committee from all portions of the United States. I spent the most of last night reviewing it that I might, as far as possible, avoid repetition in my remarks to-day, and possibly some of the things I shall say to you I shall say from memory, or possibly I may not produce the authority for the reason that I have practically entirely changed the line of my thought since going over what has been presented. I have not received the reports because I did not anticipate appearing before you, and I want to say to this committee that with the exception of appearing before the appropriations committees of my State, this is the second committee I have ever appeared before in my life on any proposition—the second legislative committee. I am not a lobbyist and I am not, as the Senator has stated, a politician. I am just an innocent, humble Democrat—sadly in the minority up in my country.

Senator GALLINGER. We are glad to see you.

Senator STONE. There are very few of them down there.

Senator GALLINGER. "Innocent" Democrats.

Mr. CHAMBERLAIN. Well, Mr. Chairman, there are not many of us in our part of the country, but we had hopes until recently that we might have the pleasure, what there are of us, of helping make a Missouri Democrat the next President of the United States. But I

find there is some difference in our brands of Democracy—at least two—and I fear we will have to reconsider.

Now, Mr. Chairman, we come from a State that is practically purely agricultural. Our only other industry is mining, to a limited extent. The product of our mines amounts to probably nine to ten million dollars a year. If you refer to the reports of the Secretary of Agriculture—and all of my figures will be based upon his report or the Canadian Blue Book or the International Encyclopedia, because they are the references I have available—if you will turn to the report of the Secretary of Agriculture you will find that our principal products are live stock first; corn next, sixty-five to seventy million bushels; wheat next, forty-five to fifty million bushels a year; oats next, forty to forty-five million bushels; barley next, twenty to twenty-five million bushels; and flax, five to six million bushels.

Now, if there are any States in the Union that this bill comes near putting entirely on the free list, so far as their products are concerned, it is North and South Dakota. We have no timber in merchantable quantities in either State. North Dakota has undeveloped coal fields, under the supervision of the conservation department principally, and we have some gold mining and other mineral mining in the Black Hills, but in a limited area. Our people are supported almost entirely from agriculture.

There has been a good deal said to this committee as to the cost of production and the quality of the grain in Canada as compared with our section of the United States. I am not going to weary the committee any further with specific figures, but I want to propound one proposition to the committee.

There appear to be two horns to this dilemma, both of which are grasped at by the man who wants to sustain the agreement or support the bill. The one horn is this, that the cost of living in this country is too high, and that the passage of this bill and the removal of the duty from the products of the farms will reduce to the consumer the cost of living.

The other proposition advanced is that the farmer sells his products on the basis of the Liverpool market, for the reason that we produce a surplus, and that surplus is sold in Liverpool in competition with the products of the world.

A witness, generally a farmer on the agricultural side—I notice that lawyers appear for the other interests without any criticism or objection, but generally a farmer appears for the agricultural side, and before he is through is rigidly cross-examined by some gentleman on the other side of the proposition trying to tangle him up when he undertakes to say that there is any advantage in the prices of these products resulting from the tariff.

Now, which is true? They can not both be. It can not be that the farm products are not higher in this country because of the tariff levied in the way of protection of those products, and at the same time be true that the removal of the tariff will reduce the cost of living to the consumer. One of those two propositions is untrue; it must necessarily be. Either the tariff does not affect the price and the cost of living will not be reduced or, if the cost of living is reduced by the removal of the tariff, the tariff does affect the prices.

I do not know which side or which of these propositions the gentlemen of this committee cling to, but they can not both be true, because they are diametrically opposed to each other.

Now, one word more. Will a reduction—if it results in that—in the prices of farmers' products, the farmers' wagon, result in a reduction of the price of living? About a year ago—possibly 14 or 15 months ago—I have not looked up the market because I did not know I was to come here until Saturday afternoon and I left Monday, but about 15 months ago the farmer was receiving for live hogs in his wagon in my State from \$8.50 to as high as \$9 a hundred, live weight.

I was buying bacon all the time and was paying 24 cents a pound for the best brand of bacon that is sold in my little city. Last Saturday, just after I was phoned that I was appointed on this delegation—I was not at the meeting—a farmer drove by my place as I was working in the front lot. He had been down to the market with hogs and stopped to visit. I asked him what he got for his hogs. He told me \$4.50 a hundred pounds. Almost before his wagon was out of sight the butcher cart stopped at the front of the same lot with a strip of the same bacon that I have been eating every since I have been in the city, and I paid him 24 cents a pound for the same bacon I bought of him when the farmer got 8 and 8½ cents for his hogs for the same price. Gentlemen, we are doing it all over that country, and you are doing it in Washington. They are doing it in New York City, and the worker in the mines and the worker in the mills is doing it for his little family, and they always do it for a considerable length of time after the selling price of the farm product has been reduced to the farmer.

Now, gentlemen, there is one thing more I want to mention. The two staples of life are bread and meat—

Senator SIMMONS. Before you leave that—

Mr. CHAMBERLAIN. Yes, sir.

Senator SIMMONS. I want to inquire what, in your opinion, is the cause of this sudden fall in the price of meat on the hoof?

Mr. CHAMBERLAIN. Of the price of meat on the hoof?

Senator SIMMONS. Yes. They said it had fallen from 8 and 10 cents to about 4½ cents a pound.

Mr. CHAMBERLAIN. I can not answer that question.

Senator SIMMONS. What, in your opinion, is the cause of this sudden, great decline?

Mr. CHAMBERLAIN. I can not reach a conclusion in my own mind that I can call an opinion. I can not see any reason for it, unless it is a manipulation. I do not know that there is a manipulation, and so I do not charge that, but I can not see any other reason for it.

The number of animals on the farms of this country has been growing less for five years. We have been marketing in the hog markets of the world our hogs at two-thirds of the average weight we used to market them. We have been marketing our steers at 18 months to 2 years old, and at a comparatively light weight, where we used to market them at 3 and 4 years old, weighing much more. Every time we have marketed a hog at this less weight we have reduced the amount of pork in sight 100 pounds at least; every time we have marketed a steer we have reduced the amount of available live

weight of beef 300, or 400, or 500, or 600 pounds. There is no question about it, and the available supply has been growing proportionately less as they have been marketed at a less weight. Mr. James J. Hill, in a conversation a short time ago, gave me the figures that he had collected concerning the number of animals on the farms, and it showed an enormous reduction in the number of our animals. I can not repeat the figures, because it was an oral conversation; the consumption has not let up, and I can not see why the enormous reduction in the cost of the animal on the hoof should exist now. I have no opinion, because I have not any data upon the proposition.

Senator McCUMBER. Has not the consumption of pork been reduced and the demand for it?

Mr. CHAMBERLAIN. I think not.

Senator McCUMBER. I would like to make a suggestion that might possibly explain to some extent, at least. Pork got so high that people stopped suddenly, almost, buying it in the cities, and afterwards, following the same rule, it went down very rapidly in a very short time. Now, probably, when they get to buying again to the same extent that they did before they boycotted the pork, it will come up again.

Mr. CHAMBERLAIN. I think, Senator, that your suggestion may seem logical, but I hardly think, when you consider the situation, that it is correct, because sheep have fallen, although not as much as hogs, but at least \$2 a hundred. Steers have fallen.

Senator McCUMBER. Steers—all meat of either sheep or steer went up so enormously, as did pork and poultry.

Mr. CHAMBERLAIN. Well, I don't know; you may be right, but if you are right it makes my proposition all the more monstrous, because if you are correct the price of bacon continues at the present price regardless of the consumption, the supply being the same; in other words, the supply being the same, the price of the live animal comes down, but the price of bacon does not come down, nor does the ham, nor the lard, nor anything else, even though the consumption may have fallen off, as the Senator suggests.

Senator SIMMONS. I understood you to say, Senator McCumber, that pork had fallen?

Senator McCUMBER. Pork on the hoof has fallen, but pork itself has not gone down very much below the price it was at the very highest.

Mr. CHAMBERLAIN. At wholesale?

Senator SIMMONS. Yes; but not retail at the butcher shop in our country.

Senator McCUMBER. It is the wholesale price that governs the farmer in what he receives?

Mr. CHAMBERLAIN. Yes, sir; but not the wholesale price of the dressed beef. The wholesale price of the dressed meat has very little bearing upon what the farmer receives for his steers. The price the farmer receives for his steers depends upon the number of steers there are in the stockyards when he sells them, and the number in transit to those stockyards, and the number that are starting the next week, of all of which a record is kept at the stockyards.

Now, if we turn to wheat. I made some little figures yesterday on that proposition—if I can find them—when sitting in the ante-room. I guess, however, I can carry them in my head as I go along.

We find that it takes  $4\frac{1}{2}$  bushels of wheat, or approximately that, to produce a barrel of flour.

We find from the markets that when the farmer receives 90 cents a bushel or above to about \$1 for his wheat the barrel of flour sells for \$5 or a little bit better; in other words, when the farmer gets \$4.05 for the wheat to make a barrel of flour, or from that up to \$4.50, the flour sells at \$5 at the lower price and increases as it goes along. And, in addition to that, the miller has his 75 cents worth of offal, or the bran and shorts. Now then, the miller sells flour to the baker, and the baker turns around and makes bread—270 loaves of bread, I think, it figures out—and he sells that with the offal to the consumer for \$14.25 or \$14.50; but the baker realizes about that for what the farmer gets \$4.50 or \$5 for; and I think I would be pretty safe in saying, although I have not the record and do not know where to find it, but the Senators probably will—I think I will be pretty safe in saying that not more than the work of one man for one day enters into the preparation of the bread and grinding of the flour—the whole work from the farmer's wagon to the man who buys the bread. I think that is a safe proposition, and, as Mr. Twitchell told you here, as I noticed last night in reviewing his speech, we paid \$1.75 to \$2 a sack for flour when wheat was selling from the farmer's wagon at 35 or 40 cents a bushel, and we did it for years, and we did it when sweating blood, because nature seemed to be against us during those unfavorable seasons. So I say to you, gentlemen, that I do not think it is fair that the duty should be removed from these products even if it will result in a slight reduction to the consumer.

I say, further, that I do not believe it will result in any reduction to the consumer; and I say, further, that I believe the removal of the duty will result, as has been pointed out to you—and I stand for every proposition that Mr. Wilkinson, of Minnesota, and Mr. Kingman, of North Dakota, and Mr. Twitchell advanced along that line. I have looked up their arguments very carefully, and I am certainly glad to verify that testimony. I say to you I do believe it will reduce the cost of the farmer's wheat, and reduce it materially, but I will come to that a little later.

Mr. Chairman, there is something else I want to touch upon, perhaps along a little different line from what anybody else has. There has been some controversy as to the difference in the grade of grains grown in the Canadian Northwest and the grades of grains grown in the United States. Now, I want to say to you, gentlemen, that legislation or proclamations of Presidents or scientists, if you please, can not change the grade of the grain product of a community. The grade of the grain product depends upon the climatic condition of the country where it is grown more largely than upon anything else. We find the field crops divided as to the climatic conditions under which they do the best. The cotton plant must have a hot, moist climate.

You do not grow cotton in the mountains of your States—you Senators who come from States with mountains—South Carolina, I believe, and the Senator from Missouri, although I do not know that there are any mountains in that State that cut enough figure

for that—but the Senators who come from the States where they grow cotton, grow that cotton in the low lands; they grow small grain on the mountains, because the cotton demands and revels in a hot climate. The small grain must have a cooler climate than the cotton, in order to give the best results and the best returns and the greatest profit. Now, that is a law of nature; it is not man's law nor my law nor anybody else's law, but a law of nature. You can not legislate it out. It can not be gotten out of the proposition.

Let me give you an illustration. In my State agriculture is carried on at altitudes varying from 1,000 feet, or a little less, above sea level to an altitude of 4,000 feet and nearly 5,000 feet above sea level. At the higher altitudes the agriculture is limited, but it is carried on by intensive dry-farming operations, and the area in which it is carried on at that altitude is very limited, simply along the Burlington Road, as it runs up the west side of the Black Hills. I have had charge of my work in that State now nearly five years. I make the entire State three or four times a year, not in every town, but I make every considerable town once a year, and I am back and forth over that State at farmers' picnics and meetings, and I am out with 8 or 10 men the entire winter season. I have one good man from Missouri that works for me, and he is a very good Democrat, Senator.

Senator CLARK. That is encouraging.

Mr. CHAMBERLAIN. I want to say to you that I believe I understand the conditions in that State, and I know that if Congressman Martin were here he would verify what I will say, because he farms up in that higher altitude—not on top of the hills, but away up. Nearly every year when our oats at the lower altitudes, up to 1,500 or 1,800 feet, weigh from 28 to 32 pounds to the bushel, the oats grown at the top of those hills will weigh 40, 44, 45, and 48 pounds to the bushel. It never fails, unless it is an abnormal season, either in the lowland or on the hills. Now, oats must have a cool climate when the grain is developing to give satisfactory results, and no man can change it, and I read here from a bulletin of the Department of Agriculture. This is a bulletin by Mr. Warburton, the specialist in the investigation of oats for the department.

Oats require comparatively cool weather for their best growth, so that those which mature earliest usually yield best, as the conditions are better suited to their development.

I want to say on this subject of oats that there has not been much investigation made by the department. I think I secured last night everything there is. I phoned over and they sent it over to me, and, as they said, they have not yet gotten far enough in the oat-growing proposition to issue many bulletins upon it, particularly as to location and environment. But any of you know the proposition I have announced is true, if you look at your own State. When you get a cool summer, and particularly when it is cool when your oats are filling, when they are in what we call the dough or milk stage, you have plump, heavy oats.

When you get very hot weather during that period, you will never fail to have shrunken oats. When you grow oats a humid season or wet season, no matter where you live, when it is wet and hot, you have rusty oats and you get less yield. When you grow oats in a season not so humid, not so much moisture and a little more air and sunshine, you do not get as much rust and you have better oats. So,



I say the climatic conditions determine the quality of the oats. Now, the oatmeal millers, when the crop is successful on the top of those Hills, go out and buy those oats at a premium for milling purposes. I know Congressman Martin will verify me in that. He does not sell oats; he has a ranching proposition and grows oats and feeds them; but anyone from that section of our State will verify what I say, and I know if you will speak to the Senators from Montana and the Senators from any of the mountainous States—I see the Senator from Idaho and the Senator from Wyoming—I think they will bear me out in the proposition that the higher the altitude—or, in other words, it is not because the altitude is so high, but it is because the weather is cooler in the high altitudes during the period when the oats kernel is developing—the heavier the oats will be.

Gentlemen, the climate is drier in most of this Northwest territory that you are going to Americanize the products of (but not the people); the climate is drier there than it is with us, excepting, I will say, west of the Missouri River—I will make that the line—and across to the center of Washington. They have a drier climate to commence with. They have to follow more nearly the dry-farming proposition.

They have not the humidity in their atmosphere during the development of the oat plant; they have more hours of sunshine and they have not the intense heat during the period of time the oats are developing. I do not know whether any of you ever saw their oats as they bring them down from Canada to our fairs up thorough our country. They have debated seriously up there whether or not it would be too serious a violation of etiquette—political etiquette, I suppose it would be, or political ethics—to bar their products from our fairgrounds. I know the Minnesota State Board of Agriculture has considered the same proposition, because President Glotfelter told me so week before last.

I know the Senator from North Dakota will bear me out in the proposition that we can not begin to show oats with those fellows up there; and we can not show the quality of wheat they can for the same reason, practically, that I have given you with regard to the oats proposition.

Senator LODGE. You refer to Saskatchewan and Alberta?

Mr. CHAMBERLAIN. Saskatchewan and Alberta; yes, sir. And western Manitoba, and from there to the Arctic Circle. I will come to that proposition a little later on.

Gentlemen, it is not legislation that has done it; it is not government that has done it; it is not people that have done it. Nature did it, and you can not change it. And I want to say to this committee that I believe as truly as I stand here that you might just as well pass a bill, so far as oats are concerned, prohibiting our oatmeal millers, who pay the high price for the good oats, from grinding to exceed 10 per cent of American oats as to pass this proposed reciprocity treaty, because the Canadians grow the best oats, and they will continue to do so for the reasons I have given you, and the miller will buy the best oats and pay the best price for them for the purpose of making oatmeal; and the passage of this proposed bill, the letting into this country of the oats from that country, means the elimination of our oat crop for milling purposes except from our States on the top of the Hills.

Senator STONE. Just a moment. Let us see if your argument means that you favor a policy of taxation that will compel the American consumer of oatmeal to pay a higher price for an inferior article.

Mr. CHAMBERLAIN. Just as long as the American farmer pays a higher price for the product of the consumer of the oatmeal; yes, sir. Just that long.

Senator HEYBURN. In order that your statement may be specific, in one county in Idaho, where they do not irrigate and have plenty of natural rainfall—

Mr. CHAMBERLAIN. Yes, sir.

Senator HEYBURN. The product of oats last year—in Latah County they raised 2,609,600 bushels.

Mr. CHAMBERLAIN. Yes, sir.

Senator HEYBURN. Now, that is the largest producing county in the State of Idaho, and that is rather a moist—

Mr. CHAMBERLAIN. Yes, sir; but notwithstanding irrigation, it is higher up.

Senator HEYBURN. It will probably average about 3,000 feet.

Mr. CHAMBERLAIN. Yes. Well, that bears out my proposition.

Senator HEYBURN. That is the reason I called attention to it.

Mr. CHAMBERLAIN. It bears out my proposition exactly. Now, Mr. Chairman—

Senator HEYBURN. And just that I may be correct, the adjoining county, Nez Perce produced 1,620,000 bushels. The climatic conditions are the same in those counties, and they are in what we call the humid portion of the State, and they are at a high elevation.

Mr. CHAMBERLAIN. Now, Mr. Chairman, in the matter of the influence of the climatic conditions on the development of the wheat plant I will not detain the committee further than to read a few lines from Bulletin No. 128 of the Bureau of Chemistry of our Department of Agriculture. I will read, first, from page 8, and I want to say that this bulletin is prepared by Mr. J. A. Le Clerc, in charge of vegetable-physiological chemistry, with the collaboration of Sherman Leavitt, assistant chemist. I do not want to detain the committee with all of the bulletin; it all bears out the same conclusion. I will give the conclusions reached in the bulletin, although there are some experiments cited—two or three—that indicate differently than the conclusion.

Climatic conditions have thus been given the most credit for influencing the composition of plants. Jensen pointed out that the size of the grain decreased as the climate became more "continental" in character, and with the decrease in size the percentage of nitrogen increased.

Jensen, I think was a German—

This is shown by the fact that wheats grown in the northwestern part of the United States and in Manitoba, Russia, and Hungary (all having a continental climate—that is, cold and dry winters, rain in late spring and early summer, and high temperature at harvest) contain a high percentage of nitrogen and are hard and almost flinty in character; whereas insular or coast climates produce wheats high in starch, low in gluten, but plump and soft.

And it is because of the climatic condition, and not the soil condition, that the wheat of Missouri and the wheat of Iowa and the wheat of Indiana is soft, instead of being hard and flinty, as compared with the Northwestern wheats, and it is because the climatic condition in Canada is more favorable than it is in the Dakotas and Minnesota

that their wheat is still superior to ours. It is not, probably, owing at all to soil conditions, from the indications we have from recent experiments along the line of soil influence.

Again, from the same page:

Eckenbrecher—

Now, that refers to some German bulletin—

grew six varieties of barley in 12 different localities and found that the same variety showed a much larger variation in nitrogen content and in weight per 1,000 grains when grown in the 12 localities than the six varieties did when grown in any one locality; that is, that climatic conditions, or environment, exerted a greater influence than did the seed, or even the variety.

Now, that is our own Department of Agriculture by some of its best experts.

I read again from page 9:

The same author in collaboration with Fresenius—

“The same author” refers to Von Seelhorst, also German—

showed that increasing moisture, for example, rainfall or irrigation, decreased the nitrogen percentage of oat straw. This is in line with the results of wheat analyses published by Le Clerc in the Yearbook of the United States Department of Agriculture for 1906, in which it was shown that a sample of wheat grown on irrigated land gave 11.1 per cent of protein, while the same wheat grown on adjoining nonirrigated land produced a crop containing 17.7 per cent of protein.

Or 6 per cent more protein under the dry condition, and growing side by side.

It was also shown that many samples of wheat grown on so-called arid land contained over 3 per cent more protein than the same kind of wheat grown in the more humid regions or under irrigation.

Wohltmann—

Also a German, reported from the department of agricultural chemistry of that country—

carried on experiments extending over several years on the influence of weather conditions on the composition of cereals and found that rainy, cloudy summers decreased the percentage of nitrogen and that dry, sunny, warm summers increased the protein content.

Protein and nitrogen are the same.

Just one more quotation from this bulletin and I am through with it. I read now from the conclusions of the scientists, or the summary we might call it, on page 18:

Wheat of the same variety obtained from different sources and possessing widely different chemical and physical characteristics, when grown side by side in one locality yields crops which are almost the same in appearance and in composition. Wheat of any one variety from any one source and absolutely alike in chemical and physical characteristics, when grown in different localities possessing different climatic conditions, yields crops of very widely different appearance and very different in chemical composition. These differences are due for the most part to climatic conditions prevailing at the time of growth. The results so far obtained would seem to indicate that the soil and seed play a relatively small part in influencing the composition of crops. The practice of trying to improve crops in one locality, which crops are to be grown in another locality of widely different climatic conditions, should be discouraged.

So, Mr. Chairman, I think that the testimony of our Department of Agriculture—I know it myself, and I think that I can state to the committee that it is all in one direction—all leads to the conclusion that the reason they produce better grains than we do is because of

the advantage they have over us in climatic conditions for the production of the small grains; and the reason they do not produce the corn up there, and never will produce it as they will in Missouri, Mississippi, Iowa, Illinois, and as we do in our State and in Kansas, is because corn requires the opposite extreme of climate, and they can not furnish it; they have the soil, but they can not furnish the climate. So, I say, Mr. Chairman, that the proposition under consideration is unfair. We hardly appreciate what this thing means.

You remember when western Iowa, Minnesota, the Dakotas, and Nebraska were opened for settlement, and also Kansas? Do the Senators from the eastern States remember how young men flocked to that country and to the new lands? I tried this morning to get our State census for 1905—I hope that one of the Senators will call attention to it after I am gone—wherein an enumerator made an enumeration of the residents we have that came from the different eastern States, and, if I am not mistaken, you understand the situation. I feel quite certain that we had in 1905 over 4,000 people that came to us from the State of New York, and they were not with us temporarily at that time, because our period of opening up new lands had been long before that.

Since that we have opened up some more, but had not done so for some time when that census was taken. Those were permanent business residents, farmers and business men, young men. The State of New York lost them; the State of Massachusetts lost a good many—if I remember correctly, about 2,000; Illinois lost, I think, something like 8,000; Wisconsin lost—every State in this Union contributed to South Dakota, and North Dakota was settled in the same way. Canada also contributed, and Scandinavia; it was all settled by people who came from older agricultural countries. Montana has been settled; Iowa has been settled by this same influx. Gentlemen, these older States have suffered because of this movement. If I ride up through New York State, I see on every hand abandoned farms. Two years ago I was going up through New York State, and as I stepped on the train I met a personal friend of mine for 20 years, from De Smet, my State. He told me he had just been down there selling the farms of his deceased father and father-in-law, settling up their estates. He had been out in our country about 28 years. He said to me, Mr. Chairman: "When I left here we could have sold those farms any day at from \$100 to \$110 an acre. I have just sold them for less money than the material in the buildings on the farm laid down in De Smet free of cost would bring. I have sold those farms, one of them at \$10 an acre, and the other at \$11 an acre." That means those farms, with their splendid improvements, those old homesteads. Why? Because of the opening up of that vast new territory; and the American farmer and every other American has the "wanderlust," and that is about the worst disease he could have; he has this disposition to go to new fields.

Now, what is it proposed to do? To open an area of public land, just as fertile, just as capable of maintaining humanity and maintaining agriculture—I say the proposition in this bill is to open up an area of public land bigger than we had 20 years ago, bigger than we had 30 years ago, and open to settlement under homestead laws that are infinitely more favorable than this country ever afforded. That may be too long now, but more favorable than it has at this time;

that is exactly this proposition. I was up in that country for about a month a few years ago—I think it was six years ago—investigating a matter in which I had to confer with the mounted police. I had letters of introduction which I got from my friends to some people up there, and my business called me in contact with very good men in the community, who knew the conditions, though not prominent men. I had to wait at Regina for nearly 10 days to see a certain mounted policeman who had the information I wanted, and none of the rest had it. I got acquainted with those people and associated with them—that is, visited with them and talked with them. I talked with men who had ridden in that northwest territory for 25 years, 20 years, and 10 years—the old officers, the privates, and all of that. I came back down to Winnipeg when I got through with my business, and talked with the manager of the great Hudson Bay stores in Winnipeg. I have relatives that have been in that country for 20 years. I think I know something about it. Do you gentlemen appreciate the fact that there is not a railroad yet within 400 or 500 miles of probably the greatest wheat area in the world? Do you appreciate the fact?

I presume you certainly know it, although it is not a matter of general information, I think. The manager of the Hudson Bay Store Co. told me that over 20 years ago, when there was not a railway north of Calgary, the Hudson Bay Co. established a flouring mill at Fort Vermilion, away up in the Great Slave Lake country, on a little chain of lakes. They hauled it 900 miles by teams. And some of their men, pioneers and trappers in that country, located around that lake and developed little farms to grow wheat, and they had been growing it ever since, and that little mill grinds, those men told me, as much flour as the little mill in the country town in our country. Those men put that wheat on a boat and carry it around the lake to the mill and grind it. Why? To supply their outlying posts away beyond, some of them hundreds of miles.

We do not appreciate the immensity of the proposition. Let me tell you that those men told me—and I believe it to be absolutely true—that there was never a kernel of wheat around those lakes of the Peace River Valley injured by frost. The yield is enormous, equal to the best that they have in Canada, and it grows up there 500 miles beyond a railroad now. And the Canadian Government says to us in their bluebook that that one valley up there will produce 500,000,000 bushels of wheat annually when they get the settlers to it and get the transportation there to get the wheat out. It is 300 or 400 or 500 miles beyond the railways that are being built and developed and put in there. How? By the Canadian Government, gentlemen; not by private enterprise; and I want just now to call this committee's attention to the fact that I do not know of a government in the world, except the Government of Denmark, that has done more for the development of agriculture and for the education of her farmers and for seeing that the farmer got a square deal than has the Canadian Government. I want to say to you, gentlemen, without reflection or any ill feeling or anything of that kind, that the Congress of the United States has done nobly, but if you put the farmers of this country in competition with Canada, you must open the Treasury doors to the education of the American farmer if you expect him to compete. I know that some question has been raised

here why it is that we export certain commodities to Canada in such large proportions in comparison to the exports to England.

I know why some of those things are done; I know it now because I lived there, and I am going from here directly there now to visit my old parents, and I want to say to you that this is the reason: When any man on earth buys a barrel of apples that has been shipped from Canada it has a Government brand on the end of it that certifies that the apples in the middle of the barrel are just as big, just as sound, and just as nicely colored as they are in the ends. When any man on earth buys cheese made in Canada and exported, it bears the certificate of the Government in the form of a brand that it has been examined; and they have had through that country for years men traveling from place to place, just as the Danes have, only the Danes started ahead of them, educating them along those lines; and I want to say to you, gentlemen, that the trouble with the American farmer to-day, the greatest trouble, is his failure to appreciate the value of quality in his product.

We sometimes do not realize, unless we are in this particular work—you will pardon me, I do not mean to infer anything whatever, but every man has his specialty, and this probably is mine—that the little country of Denmark may export to Liverpool all of her bacon and all of her eggs; that is, that she has for export, and all of her dairy products; and that we may export the same number of pounds of the same kind of products and land them in the Liverpool market on the same day, and the Danes will get approximately \$8,000,000 more for theirs than we will for ours. Why? Because they started years ago to educate and drill their producers in the importance of quality in the product and showed them how to get it; and Canada took up the cue 20 years ago, and they have been developing along that line ever since. I know men personally there to whose farms men come who have been trained in agriculture, and sent out by the Government and who collaborate with those farmers in conducting certain demonstrations and demonstrating certain agricultural practices. I know some of the gentlemen who go over that country doing that work, and I know the agricultural college faculty, and I know these are facts, not guesses.

Senator LODGE. Let me ask you a question, as you are familiar with Canada.

Mr. CHAMBERLAIN. Yes, sir.

Senator LODGE. Have you any doubt of the policy of Canada in trying to draw our farmers toward Canada?

Mr. CHAMBERLAIN. How is that?

Senator LODGE. That it is the policy of Canada to try and draw our farmers to Canada?

Mr. CHAMBERLAIN. There is no doubt in my mind, Senator, in the world, about it; and there is absolutely no doubt but they are doing it. They boast that they have 500,000.

Senator LODGE. I see Sir Wilfrid Laurier said that in London in a speech the other day.

Mr. CHAMBERLAIN. Yes, sir.

Senator LODGE. And going to draw still more by this arrangement?

Mr. CHAMBERLAIN. And, Senator—now, I want to be fair with this committee—I do not believe that, after the first flurry over the adop-

tion of this agreement or the passage of this bill by the two countries has passed, it will affect the price of Canadian wheat one cent. I think I can show you why pretty soon. I am sure it will not advance it permanently one cent. All it will do will be to pull ours down to that level.

Gentlemen, there has been some question here as to whether we have a surplus to ship; therefore our market depends upon Liverpool the same as theirs. Even if that was true, are you going to help it any by passing this bill? Is this bill, so far as the wheat or oats or anything else that we export is concerned—is the condition going to be improved by passing this bill and letting theirs in here?

I can not see the logic of the situation. There is not any improvement to come from that; that won't help any. I want to say to you that this is the nearest comparison I can make of this proposition (and I wish some of you gentlemen from manufacturing States would take it with you, because it is good). Canada (and I think the committee is convinced) produces the best wheat on the American Continent and as good as anywhere in the world. We know that. The proposition is this: To let that wheat that is grown right here within a stone's throw of us, to let that wheat that is better than anything that we can produce—I will try to show it if I have the time—in 10 years they will produce enough to supply all of this country's demand; and I believe it surely as I stand here. Now, the proposition of this measure is that that wheat will run in here on the American farmer. Some of you gentlemen represent States where there is a large production of gloves; some of you where there is a large production of shoes; some of you where there is a large production of cotton; some, it seems, where there is a large production of print paper, and different industries. Now, gentlemen, as applied to your industry, the proposition would be this:

Find the country in the world that produces the best possible quality of that product, find the country in the world that produces it the cheapest, pay the freight on it within 500 miles of our border, or 100 miles, the average distance into Canada to get the wheat, and let it run in onto the manufacturer in your State free of duty; how would you like it? I think that is this proposition.

Senator CLARK. Would it interrupt you, if I asked you a question right there?

Mr. CHAMBERLAIN. No, sir.

Senator CLARK. It has been stated before the committee by a gentleman, or perhaps more than one gentleman, that notwithstanding the possibilities of the Canadian northwest as a wheat-growing country, that 80 per cent of the wheat which they grow there is not commercial wheat.

Mr. CHAMBERLAIN. That is not true. I will explain that. The trouble with that is this: In Manitoba, particularly southern and eastern Manitoba, years ago—up to five years ago: I have not any personal knowledge inside of five years—in parts of Manitoba and extending a little into Saskatchewan, which is the next Province, their wheat froze once in three or four years; that is true; but this is also true, that wheat, so far as my information goes—I do not know as to every particular year, but I know as to years every now and then, because I have friends up there, and a good many of them—you take a belt from the foot of the Rocky Mountains out 200 miles and wheat does

not freeze in that belt, because of the influence of the Chinook winds, and it is the influence of the Chinook winds that saves the Peace River Valley. The Peace River Valley lies right up there along that bend of the mountains. There are two scientific theories as to the origin of the Chinook winds.

You have seen them in Wyoming and you understand. Maybe some of the other Senators have not paid so much attention. The Chinook winds modify all of that climate west of us, Wyoming and Montana and frequently South Dakota, though it is warmer and stronger up there and more effective. The old theory was that the Chinook winds came from the canyons or up the valleys, followed the rivers up from the Gulf Stream on the other side and sifted through there and worked down over the prairies.

Senator CLARK. You do not mean the Gulf Stream.

Mr. CHAMBERLAIN. The Japan Current—Japan Current. The old theory was that it came up the Yukon and Columbia and those different rivers and came through those canyons and worked down there. The new scientific theory is that it is owing to a movement of the cold atmosphere from the top of the mountains, settling down the side of the mountains in some way. As it comes into the more dense atmosphere it becomes compressed, and compressing air always raises the temperature. That is the natural consequence. That is the generally accepted theory. Whatever it may be, the Chinook wind does moderate the climate in all of that country, and that is the reason that the Peace River Valley with the fertile soil that it has and other advantages, will be the wheat granary of the world, when they get the railroads into it and the settlers there to plow it up and till it and take care of it.

And I will stand here and stake my reputation on it and everything I have that that estimate is not one particle overdrawn; that that valley is capable of producing everything they claim for it, because of the talks I have had with men who have been there and seen it being done, and because of the fact that that shrewd old Hudson Bay Co. made the investment that they did up there years ago in boats and mill, and so on, to grind flour for the outlying posts and have depended upon it ever since to sustain the life of their agents scattered over that country.

Mr. Chairman, I notice that it is 1 o'clock. I have a few more things I want to touch upon. I want to touch, for one thing, on the cost of production briefly, and it may develop and consume some little time, too.

The CHAIRMAN. Mr. Chamberlain, the committee has nothing to do to-morrow and no schedule, except to hear the South Dakota people, and if it is more convenient to you we can adjourn until to-morrow at 10 o'clock, when you and your associates can have the whole morning.

Mr. CHAMBERLAIN. I am afraid I have tired the committee.

The CHAIRMAN. We will be very glad to hear you fully.

Mr. CHAMBERLAIN. I would prefer, then, not to go on until 10 o'clock to-morrow morning.

The CHAIRMAN. The committee will stand adjourned until to-morrow morning for the purpose of hearing these South Dakota people.

(Thereupon, at 12.50 o'clock p. m., the committee took an adjournment until 10 o'clock to-morrow, Saturday, morning.)





**SATURDAY, MAY 27, 1911.**

**UNITED STATES SENATE,  
COMMITTEE ON FINANCE,  
WASHINGTON, D. C.**

The committee met at 10 o'clock a. m., Hon. Boies Penrose in the chair.

Present: Senators Penrose (chairman), Cullom, Lodge, McCumber, Smoot, Gallinger, Clark, Heyburn, La Follette, Simmons, Williams, and Johnson.

The consideration of H. R. 4412, an act to promote reciprocal trade relations with the Dominion of Canada, and for other purposes, was resumed.

The CHAIRMAN. The committee will be in order. Mr. Chamberlain, when we adjourned you had the floor, and I believe you are to conclude your remarks this morning.

**STATEMENT OF A. E. CHAMBERLAIN—Resumed.**

Mr. CHAMBERLAIN. Mr. Chairman, in running over the notes of the stenographer last night it occurred to me that I might probably economize time by touching one or two other propositions before I went to the question of the cost of production. We were discussing yesterday, in a general way, the extent of the wheat fields in the northwest, in Canada.

I find that we have at hand some very good evidence as to about what we may anticipate from that country. In the year 1910 there were in the Provinces of Manitoba, Saskatchewan, and Alberta 3,000,000 more acres of wheat than there were in 1904, and those figures represent new land—virgin soil—that has been broken up, principally in large tracts. In 1910 those Provinces produced 120,000,000 bushels more wheat than they produced in 1900, 10 years prior. Now, Mr. Chairman, the question becomes this: One hundred and twenty million bushels of wheat is nearly one-fifth of the amount we consume in this country. The increase in production in those provinces has been that amount in the past 10 years. The tide of immigration is just setting in there. Ten years ago the Grand Trunk Pacific Railway had scarcely been conceived. Ten years ago it was not started. Now it has some 900 miles of railway through that new country and is filling that country with settlers. Ten years ago the Canadian Northern Railway was not chartered, and now it is becoming a veritable transcontinental line. These lines have been chartered, have been surveyed, and are being built clear to the Pacific Ocean.

I want to call your attention to the fact that Canada produces 21 bushels of wheat per acre. She exports about 60,000,000 bushels. To put it in another form, Canada under present conditions exports 8 bushels of wheat for every acre of wheat sown. Canada has for

export  $7\frac{1}{2}$  bushels of wheat per capita. This country has for export 3 bushels per acre or  $1\frac{1}{2}$  bushels per capita. Now, the proposition is, as I said last night, if we open this country to that vast excess of wheat, barley, and oats—I will treat the other grains a little later—can we anticipate that that will result in the increase of the price of the product of that country, or must we anticipate that it will result simply in the pulling down of our price to the level of the Liverpool price which fixes theirs?

Senator HEYBURN. Would it not rather substitute at least a portion of their product for a portion of ours?

Mr. CHAMBERLAIN. That is what I mean, sir.

Senator HEYBURN. Without regard to price?

Mr. CHAMBERLAIN. Yes; without regard to price. It will result in the diminishing of the price of the product to what the price of their product is, or would be, whether this agreement was carried through or not.

Now, let us go a little further and take the oat crop. Canada grows now about 9,000,000 acres of oats, yielding 353,000,000 bushels, which is 38 bushels per acre, or 50 bushels per capita. The United States grows about 33,000,000 acres, yielding 1,000,000,000 bushels, or 30.3 bushels per acre, or 11 bushels per capita.

To summarize, the yield of Canada is 38 bushels per acre, of the United States 30.3 bushels per acre. Canada produces per capita 50 bushels of oats; we produce per capita 11 bushels.

Of barley, Canada grows 1,800,000 acres, yielding 55,400,000 bushels, 30 bushels per acre, 9 bushels per capita. The United States grows about 7,000,000 acres of barley, yielding 170,000,000 bushels, or 24 bushels per acre, or less than 2 bushels per capita. Those are the figures taken from the best authority available.

Senator HEYBURN. What is the product per acre in Canada?

Mr. CHAMBERLAIN. Of barley, 30 bushels. Is that what you have, Senator?

Senator HEYBURN. Yes; I was just comparing it with the tables I have.

Mr. CHAMBERLAIN. Those are the figures I have. Now, Mr. Chairman, Canada exports of the agricultural products placed on the free list by the proposed bill the following amounts: She exports of wheat and wheat flour \$56,000,000 worth a year. She exports of oats \$2,175,000 worth a year, which means nearly 10,000,000 bushels. She exports of barley \$1,744,687 worth per year. There is one thing in connection with barley that I can not understand; I find we export barley malt to Canada. I do not understand why that is. I was raised in the barley fields of Canada and have pulled the beards out of my pants many a day when a boy, and their barley is of a far superior quality to ours. I do not understand why we export barley malt to Canada, but I see the schedules given in the President's message disclose that.

Of cheese Canada exports \$20,000,000 worth; of live animals, \$12,000,000 worth; of meats, \$10,000,000 worth; of hides and furs, \$4,000,000.

The proposition of the administration is to give Canada a free market to supply the manufacturers of this country, who, in turn, supply over 90,000,000 American people. In return, the American farmer has opened to him the market of 8,000,000 Canadians, to

whom he can probably sell some eggs and poultry, and probably not one thing else that he produces. Now, Mr. Chairman, the question has been asked a good many times why this proposition is advanced at this particular time and in the peculiar manner that it is. I find that the exports of this country in 1909 were \$150,000,000 less than they were in 1907, and in 1908 they were \$114,000,000 less than they were in 1907. When I turn to find where the falling off was, I find that \$37,000,000 of that amount was in the exportation of live stock from the American farms. I turn another page and find that \$55,000,000 more of it was a falling off in the exports of grains grown by the American farmer. And between \$151,000,000 one year and \$114,000,000 the other year I find that our exports fell off over \$90,000,000 in the products of the American farm. I am a little over 50 years of age. I have lived in this country 25 years, and I stand here to say that until within the last three years the American farmer has never, since the adoption of the protective policy by this Government, been able to say to any man what he would take—how much money it would take to buy his products.

The other fellow has always fixed the price that the farmer might have for what the farm produces, and the other fellow has also, without a single exception, fixed the price that the farmer must pay him for what the other fellow had to sell and the farmer had to buy to use in his business. Within the last three years—for the first time since we have had a protective tariff—the farmer has been able to tell the other fellow how much he must pay him for what he produced on his farm. I take it, Mr. Chairman, that this is one of the reasons why this arrangement is proposed at this time. I think possibly there are some other reasons. Possibly the influence of the press—the agitation for cheaper print paper—has had something to do with it. I think, Mr. Chairman, there is something else back of it, at least with our Canadian friends. I turn to Poore's Annual and I find that the Hudson Bay Co., that great organization which started away back in 1627 or 1670, has been a monstrosity. I find that our American boys are going up into their territory, are encroaching upon their trapping field, encroaching upon their preserves there in western Canada until they are destroying it in a large portion of that country.

I find that great organization, headed by Wall Street—controlled now by Wall Street, if the statements of the press a few weeks ago are correct—I find that organization owns up there some five or six or seven million acres of land—five or six at the minimum. There is not any question but that the passage of this bill by Parliament and by Congress will result in an advance of at least \$10 per acre in the value of every acre of that land. I went over to the Library last night and found the last report of the Canadian Pacific Railway Co.—the report of 1910. Referring to page 16, I found that that railway company owns 7,500,000 acres of land up there, and of all the monstrosities that ever were visited upon a civilized people that Canadian Pacific Railway Co., its organization and history, is blackest. I was a young man in Canada when it was organized; it was an issue in the campaign. It was given 26,000,000 acres of that fertile land as a subsidy. You can not ride over a mile of that railway and look out of the car window in that direction without looking over 6,000 acres of land that was given them. You turn your

head and look in the other direction and you see 6,000 more acres of land that was given them, and that is the condition all the way along those lines. They were given \$25,000,000 in money, but that is not the half of it. Its franchises, its rolling stock, its right of way, and every single thing it might acquire are excepted forever from national, provincial, and municipal taxation, and it stands there in that form yet. And that company still owns up there vast tracts, something over 7,000,000 acres of agricultural land, because they exchanged their mountainous area by some agreement with the Government later—agreements very favorable to them. I could not find the holdings of the Canadian Northern nor the Pacific Grand Trunk, but my recollection is that they, too, were given large grants of that land, which they have just received—probably they have not selected it all yet.

Senator HEYBURN. They have in every railroad office on the Northern Pacific or Great Northern, and many others, railroad folders and land folders, showing the amount of those grants—

Mr. CHAMBERLAIN. Yes, sir; and they are enormous.

Senator HEYBURN. Setting forth the inducements to settle and buy land.

Mr. CHAMBERLAIN. Now, Mr. Chairman, would it be to the advantage of the Hudson Bay Co., the Canadian Pacific Railway Co., and the other companies I have mentioned, of the stockholders who have bought large tracts of that land in large areas of the Canadian Government, which owns all they do not own, to foist this bill onto us and make an extra draft on our young men to come up there and settle on that land and buy it and use it? It looks as if we were cooperating in an arrangement with Canada for homesteading. I may go up there and buy a section or 10 sections of the Canadian Pacific Railroad lands or the Hudson Bay Co. lands, and may build my buildings on it, and may then go and file a Government homestead adjoining, and simply cultivate it for the required period of three years, without any residence, and acquire my title.

So, Mr. Chairman, it looks to me as though there was a plain purpose in view, at least on the part of the Canadian Government, to foist this proposition upon us at this time.

Now, I will not take any more time on that feature of the proposition. I want to turn now to the cost of production. There has been a good deal of discussion here and some question as to whether or not there was a difference in the wage of a hired man in Canada and in the United States. I am not going to take the time of the committee in discussing that, because I have better evidence as to what the cost of production in this country is, and I also have better evidence as to what it is in that country, and that better evidence is simply common sense, substantiated by the Department of Agriculture itself. I am very glad that the administration which proposes this proposition has settled beyond all question the profit the farmers of Minnesota, at least, are making from their farm operations. I do not know that the record has been drawn, but I propose to present it in cold type, and I refer to the record of the Department of Agriculture as made in the field.

There are two things that I desire to call to the attention of the committee before I refer to the bulletin. The first and material

question is, What does it cost a farmer to produce a bushel, and not what his hired man costs him? The manufacturer in the manufacturing States does not ascertain the cost of his product by the price he pays his labor. There is the cost of his power, the cost of the machines, and taxes—all go into the cost of production, and the cost of producing a bushel of wheat is not determined by the wage per month paid the hired man.

It looks to me like this, that if it costs, we will say, \$8—and I will prove to you pretty soon that that is nearly correct—if it costs \$8 to produce an acre of wheat in the United States and the wheat yields 14 bushels to the acre, it seems to me a simple computation to determine that it costs about 57 cents a bushel to produce it. That is a simple computation, is it not? Now, then, it does not cost any more to produce it in Canada than it does here, as I will show you later, and I think less, even if the wages are a little higher. If it costs \$8 to produce an acre of wheat in Canada, or any place else, and it yields 20 or 21 bushels per acre, it reduces the cost per bushel to 40 cents. The average yield of the Canadian wheat is 20 to 21 bushels. The average yield of our wheat for 10 years has been a little less than 14 bushels. So, taking \$8—

Senator HEYBURN. I do not want to interrupt you, but I would like to ask you a question about that.

Mr. CHAMBERLAIN. Certainly.

Senator HEYBURN. Those are the total figures of the Government, and they apply to every part of the United States?

Mr. CHAMBERLAIN. Yes, sir.

Senator HEYBURN. Would it not be fair to take the product of the States separately, so that we may judge of the effect?

Mr. CHAMBERLAIN. Yes, sir; it may be found readily in the Yearbook of the Department of Agriculture.

Senator HEYBURN. I mean by stating the average for the entire country is not a fair representation of many States.

Mr. CHAMBERLAIN. Yes, sir; I will take it by States, giving the record for at least a State here and there through the country.

Senator HEYBURN. The States along the Canadian border are the ones in most direct contact with competition.

Senator McCUMBER. Have you the North Dakota and South Dakota cost of production?

Mr. CHAMBERLAIN. No, sir; not from the Department of Agriculture. I have it for Minnesota.

Senator HEYBURN. Without referring to the product per acre, which ought to be taken into consideration in connection with the price of land locally?

Mr. CHAMBERLAIN. I will say by the record that the average yield of wheat in Minnesota for the 10 years from 1900 to 1909 was, as disclosed in the Yearbook of the Department of Agriculture, in 1900, 10½ bushels; 1901, 12.9; 1902, 13.9; 1903, 13.1; 1904, 12.8; 1905, 13.3; 1906, 10.9; 1907, 13; 1908, 12.8; 1909, 16.8.

Senator HEYBURN. It is upon that basis, is it, that you estimate the cost of producing an acre of wheat?

Mr. CHAMBERLAIN. No, sir; the estimate that I gave you was on the basis of the yield of the entire United States, about 14 bushels per acre.

Senator HEYBURN. The whole United States?

Mr. CHAMBERLAIN. Yes, sir; 14 bushels per acre. It costs more in Minnesota.

Now, in North Dakota the yield for the same time was: 1900, 4.9; 1901, 13.1; 1902, 15.9; 1903, 12.7; 1904, 11.8; 1905, 14; 1906, 13; 1907, 10; 1908, 11.6; 1909, 13.7. I wish I had the 1910 Yearbook in order to give it as to that. I understand that it is printed, but I have not been able to get a copy.

Senator McCUMBER. I am afraid you would have to embrace it in tenths.

Mr. CHAMBERLAIN. Yes, sir; it would have to be in tenths. South Dakota, 1900, 6.9; 1901, 12.9; 1902, 12.2; 1903, 13.8; 1904, 9.6; 1905, 13.7; 1906, 13.4; 1907, 11.2; 1908, 12.8; 1909, 14.1.

In other words, Mr. Chairman, in the 10 years since 1900 South Dakota has not had an average of 14 bushels per acre, according to the administration figures, in but one year. North Dakota has had that average twice. Minnesota has reached that average once in the 10 years between 1900 and 1909, both inclusive.

Senator HEYBURN. But there is no evidence from the tables that the product is decreasing because the soil is becoming worn out. There is nothing to indicate that.

Mr. CHAMBERLAIN. No, sir; our soil is new, as well as theirs—that is, comparatively new.

Senator HEYBURN. Suppose you give the yield in Montana, Idaho, and Washington.

Mr. CHAMBERLAIN. The Montana-Washington-Idaho yield runs higher, for several reasons. They are good men out there, of course, but principally because of the two facts that a large proportion of their wheat is either grown, by the two-year cropping plan, or under irrigation.

Senator HEYBURN. Well, irrigation of course is only a local proposition. The bulk of the wheat in Idaho is not grown under irrigation.

Mr. CHAMBERLAIN. I know the bulk of it is not, and probably never will be, but you do have summer tillage from one year to the other which grows another crop, do you not?

Senator HEYBURN. Yes; we have dry farming that produces it—that is, in southern Idaho.

Mr. CHAMBERLAIN. Now, Mr. Chairman, the oat yield in Canada, we see, was 38 bushels per acre and it costs \$8 to produce an acre of oats. They yield 38 bushels per acre and it costs 24 cents per bushel to produce it. If it only yields 27 bushels, as in the United States, it costs 29 cents to produce it. The barley yield in Canada—the average yield—is 30 bushels. If it costs \$8 to produce an acre of barley, it costs 27 cents a bushel in Canada. The yield in the United States is 25 bushels and the cost per bushel 32 cents. So that there is not any comparison in the cost per bushel in any of those grains but that is in favor of the cheaper production in Canada.

Now, the Department of Agriculture, as I said a while ago, in cooperation with the Minnesota Experiment Station, has done us some excellent service in arriving at the cost of producing those grains in our sections of the United States. Away back in 1902 Prof. Hayes, now Assistant Secretary, commenced a line of work for the purpose of investigating the subject of farm economy, and for the purpose of

ascertaining what it cost the farmer to produce a crop in that State. I will not have time to read extensively—

Senator McCUMBER. What State is that?

Mr. CHAMBERLAIN. This work was done in Minnesota; it was done by the Minnesota station in collaboration with the Department of Agriculture, each bearing a proportion of the expenses and each furnishing a man to do the work, and the result is published by the Department of Agriculture and also by the station in Minnesota.

I read from the Agricultural Experiment Station, University of Minnesota; annual report of 1907, written by the now Assistant Secretary, Mr. Hayes, so far as it relates to the work done along those lines.

From page 10 I read this, which exemplifies and verifies by the department itself, if you please, the proposition I have just announced:

Fifteen bushels of wheat per acre at 70 cents per bushel on \$10 land will return a profit of 60 per cent on the investment, but the profit is diminished to 6 per cent on \$50 land.

The proposition I have been speaking of; and in connection with that I want to read another clause from this report of the board of directors of the Canadian Pacific relative to the selling price of their land. I read from page 7:

The sale of agricultural lands during the year—

That is, prior to the report of 1910—

aggregated 975,030 acres for \$14,468,564.35, being an average of \$14.84 per acre. Included in this area were 145,421 acres of irrigated land which brought \$20.59 per acre, so that the average price of the balance was \$12.78 per acre.

Senator HEYBURN. So the price of land has something to do with that average?

Mr. CHAMBERLAIN. Yes, sir; the price of land has a good deal to do with the cost of production, and shows more plainly when you come to compute the rate of return on your investment.

Senator McCUMBER. What year was that?

Mr. CHAMBERLAIN. This report was printed in 1907, and I read from the introductory chapter written by Assistant Secretary Hayes.

Now, I turn again to page 23 of this report, and I read this simply for the purpose of calling the attention of the committee to the care that was taken in making the computations that I shall refer to later as to the cost of production and as to methods adopted:

On January 1, 1902, the Bureau of Statistics of the United States Department of Agriculture joined in cooperation with the division of agriculture of the Minnesota Agricultural Experiment Station to gather data from Minnesota farms on the cost of producing field crops and live-stock products. The expense was shared about equally, and the work was directed from the Minnesota Agricultural Experiment Station. Three young men, students of the Minnesota College of Agriculture, were employed as route statisticians, and three statistical routes were established—one in southeastern Minnesota, in Rice County, near Northfield; another in southwestern Minnesota, in Lyon County, near Marshall; and another in northwestern Minnesota, in Norman County, near Halstead.

Let me say that Marshall, where one of these stations was located, is not to exceed 20 miles from the east line of our State, toward the north end. Halstad, at which another station was located and another investigation conducted, is up a little way east of the east line of North Dakota—20 or 30 miles, is it not, Senator McCumber?



Senator McCUMBER. About that.

Mr. CHAMBERLAIN. It is just a little ways. So the conditions at those two stations were as nearly the same, or as near as we could possibly get them, to what would be in the States of North and South Dakota.

Now, here is the system they employed:

Fifteen farmers on each route—

That takes in 45 farms—

Fifteen farmers on each route, chosen as farm-statistics cooperators, agreed to be interviewed daily throughout the entire year by the route statisticians, giving \* \* \* a record of each hour of labor performed by each man and by each horse, and giving the field crop or other enterprise upon which the labor was used. A map based upon accurate measurements of each field was made of each farm, that the data might be so collected and classified as to show the cost per acre for each crop on each farm; also the average for each route and for the State.

At the beginning and close of each year complete inventories were taken of all live stock, machinery, feeds, etc., and during the year all cash items were secured which had to do with the receipts and expenditures on field crops, machinery, horses, and labor. During the years 1902 and 1903 very few data were secured except those which related to crop production, after which the data were extended to live stock and other affairs of the farm and the farm home. The first two years' work was in a way experimental. Methods for collecting and recording the statistics had to be revised, and many difficult problems, like finding the exact rate of wages per hour for men and horses, were not worked out by the most exact methods until the second year.

Now, I think from what I have read I can explain briefly, in order to save time, the system followed. These young statisticians weighed occasionally the feed that each horse ate, for instance, and in that way they determined the amount of feed that a farm horse, or the average amount of feed that the farm horses on those 15 farms in different localities consumed in a year. They got the market price of it, and in that way they found out what it cost to keep a farm horse under farm conditions during a year. Then, to get at the cost of labor, they kept a correct and detailed account of the number of hours' work done by each horse on those 15 farms during the year and, dividing the total cost of keeping the horse by the number of hours of work per day, they got the average cost to the farmer himself of the services of a horse for a year. The men may be treated in the same way. They found the wages paid on those 15 farms per month. They ascertained what it cost to board a man by the same system of accounting. There never has been, so far as I have been able to ascertain, anything done along this line in which the work has been as thorough and as practical as this investigation of the Department of Agriculture and the Minnesota Agricultural College.

In this way they found the cost per hour of a day's work by the hired man, and in computing the cost of producing an acre of grain they put an old farmer on just the same basis as they did the hired man. They put his wages in just the same for the hour that he spent in the field and nothing for the headwork done in the house—nothing for the management—and I want to say to this committee that I was thinking last night that there is a very serious controversy on in this country as between the rights of labor and capital, and I think the only example we have left of the mutuality of labor and capital is found in the small farmer who owns his land and tills it himself. That is the only place in this country to-day, the only

employment, the only situation that I can think of where labor and capital are in perfect harmony and work together as they used to do before organization of capital and interests occurred in this country.

Now, I do not want to delay the committee, and I will proceed rapidly. The cost of production was worked out in this way, and a report was made in 1908 of the result of the investigation during the years 1902 to 1907—six years.

One thing more. It always costs more, everything being equal and management as good, to produce an acre of wheat in a small field than it does in a large field. The team has to be turned oftener, and that delays work. There is more waste land along the fence row. The same rule of economy applies in the tillage of the field as in the operation of the factory. The large factory can produce at a less cost per unit than can the small factory, the management and efficiency being equal. The large farmer can produce cheaper than the small farmer, the management and the efficiency being equal. Now, then—

Senator HEYBURN. And a lesser proportion of the year is occupied in the labor on the small farm than on the large farm.

Mr. CHAMBERLAIN. That is true.

Now, Northfield, in Rice County, is not in the newer section of Minnesota, but in the older section. Marshall, alongside of our State, would probably represent about the average condition of development of a farm as to age. Halstad represents the rather newer conditions. They have found that for these seven years the average cost of producing an acre of wheat on those farms—the different places—and putting it in the farmer's bin, not marketing it, is as follows:

At Northfield, in Rice County, it was \$9.86—that is in the older part where the fields were smaller, and some other items got in. At Marshall, in Lyon County, it was \$8.38 per acre. At Halstad, in Norman County, it was \$6.97 per acre, in the newer area. The average for the three points selected to represent Minnesota was \$8.40 per acre. That was the average.

Now, a little later, two years I think it was—and I will not take the time to be more definite—two or three years after this experiment started, another one was started for the sake of comparison. A large farm of 1,820 acres was selected in northeastern Minnesota near Halstad—the smaller farm is where the cost of production was cheaper—a farm of 1,820 acres was selected and conducted for the balance of the period in the same way. Now, while it cost \$6.97 to produce an acre of wheat on the smaller farm, it cost \$6.05 to produce it on the extremely large farm. Senator McCumber will tell you they have those large farms to a greater extent in his State than we have, and he will tell you that they can produce wheat at less cost per acre on one of their bonanza farms than the farmer can who is only farming 100 or 300 acres. They use heavier power, bigger thrashing machines, and all those things, just as the large factory uses bigger things than a little factory.

Senator MCCUMBER. It might be interesting to the committee to know that in the earlier farming on the large farms in North Dakota a man's day's work consisted in the number of miles that he would travel with a harrow or plow—20 miles being regarded as a day's work, either with his plow or with his harrow or the seeder.

MR. CHAMBERLAIN. Yes, sir; now, Mr. Chairman, I have here another publication of the Department of Agriculture that is quite interesting. The department has given us the cost of production for Minnesota. I think I have shown the committee how closely it corresponds with the cost in the State that I live in—the State of South Dakota. I hold in my hand the Yearbook of the Department of Agriculture for the year 1909. Turning to page 451 I find that the Secretary gives us in a table the average farm value per acre of wheat in the United States, December 1 of each year since 1900, and the average for each 10 years since 1866.

Now, we find by this same authority that the average cost of producing an acre of wheat in Minnesota was \$8.40; the average value of the crop in Minnesota, since 1900, has been as follows, as given by the same department:

In 1900 it was \$6.62, farm value per acre; in 1901 it was \$7.74—do not forget the cost, \$8.40. In 1902 it was \$8.48. In 1903 it was \$9.04. He had 64 cents to the good that year; that, of course, would go into a fund from which a melon would be cut after awhile under systems of modern finance. In 1904 it was \$11.14. He had \$2.60 profit that year. In 1905 it was \$9.44. He had 1.04 cents profit per acre that year. In 1906 it was \$7.08. He lost \$1.32 an acre that year for the privilege of tilling his own farm. Now, gentlemen, these are not two conflicting authorities. This is the same authority on both propositions. In 1907 it was \$11.96. He got \$3.56 an acre. In 1908 it was \$12.03, and in 1909 he came mighty near getting rich. The value was \$16.13 an acre.

Now, of course, it gives him a little more in 1909 than it did in 1907. The wages were higher—we know that; but in connection with that, I want to call attention to this matter. In the cost of production there is not any allowance made for the deterioration of the improvements, nor the insurance of the buildings, nor for loss by hail, fire, or accident to the crop. There is not anything allowed for any of those things. There is not any allowance made for the cost of fertilizer. None of those things enter into the cost of \$8.40 an acre for producing an acre of wheat in Minnesota; and the average value of the wheat crop on the farms for the past 10 years in Minnesota has been \$9.96, according to the Department of Agriculture, and I understand the Secretary wants to reduce that.

Now, gentlemen, if any of your laboring men in the East need a dollar, there is nobody who will hand it to them quicker than the fellows from North Dakota, Minnesota, and South Dakota.

SENATOR CULLOM. In reading that cost of \$7 or \$8 you were referring to cost of production, were you?

MR. CHAMBERLAIN. Yes, sir; producing the crop. I have been reading, Senator, from Bulletin 73 of the Bureau of Statistics, Department of Agriculture, and from page 30 of that bulletin, if you desire to refer to it.

The items of cost were as follows: Seed and total acreage. Now, I want to explain this. It is explained why it is in a footnote, but I can explain it quicker. It seems the acreage is included in the item, and the average would be virtually the same. For instance, first, the item of seed. There were 360 acres taken into consideration to ascertain the average cost of seed per acre at the farms near North-

field, and the average cost per acre was \$1.01 at that point. Now, then, the next item was cleaning seed. In that case only 202 acres were taken into consideration to ascertain the average cost, because the seed for the balance of it for some reason was not cleaned; but the average was run just exactly the same, and the average cost of cleaning was 4.2 cents for bushel. The next item was plowing; the next item was dragging; the next seeding; the next cutting; the next twine; then shocking, stacking, stack threshing, labor—threshing, cast cost; that is, for the machines—machinery cost; land rental, \$3.50.

And I want to say, too, that there is something else I pretty nearly forgot. I am glad the Senator called my attention to it. The difference in the cost of production at those different places as disclosed by this bulletin is partially accounted for by the difference in the value of the land rental. The rental is computed at 5 per cent on the value of the land at that time. At Northfield it amounted to \$3.50 an acre; at Marshall, \$3; and Halstad, \$2.10. So that accounts for a little of this total difference in the cost of production. Now, then, there is something, Mr. Chairman—that same land is worth to-day in Minnesota \$20 an acre more than it was for the average of the period for 1902 to 1907, upon which this computation is based. That means you must produce \$1 worth more stuff on it—at least it means it costs \$1 more to produce the acre of wheat—and as I said to the Senators awhile ago, the average value of the wheat in that State for this 10-year period has been \$9.96, the cost of production, \$8.40. The Secretary of Agriculture is the authority on both sides of the proposition. Now, then—

Senator WILLIAMS. In that cost of production, the land rent and the labor of the farmer, are they counted?

Mr. CHAMBERLAIN. Everything is counted—the farmer's labor himself, horse labor, and what it cost the farmer—

Senator WILLIAMS. And the rent of the land, whatever he could rent it for himself if he were not farming?

Mr. CHAMBERLAIN. The rent is computed on the basis of 5 per cent of the value of the land per acre.

Senator WILLIAMS. Is that about what it would rent for?

Mr. CHAMBERLAIN. That is about what it would rent for, fully that; yes, sir.

Senator McCUMBER. Does that amount include the labor of the housekeeper or wife or children or anything of that kind entering into that computation?

Mr. CHAMBERLAIN. No wages for them, but the cost of maintaining the farm help on the farm, I think, is included in some way. Now, I would not be sure of that, and I wish to look that up and advise the committee further.

Senator SIMMONS. I understood you to say there was no allowance for fertilizer?

Mr. CHAMBERLAIN. Nor insurance, nor depreciation of the buildings; nothing of that kind whatever. That all has to be accounted for, and no allowance against the destruction of the crop by fire or by hail, anything of that kind; and hail insurance is quite an economic problem all over the western country.

For the last 10 years the average value of the wheat crop in the States of South Dakota, Minnesota, Nebraska, and Missouri has been as follows: In South Dakota, \$8.57; in North Dakota, \$8.65; in Minnesota, \$9.96; in Nebraska, \$11.69; in Missouri, \$10.33. That is the average value of the wheat crop.

Senator McCUMBER. Of all kinds of crops or just wheat?

Mr. CHAMBERLAIN. Only wheat. Now, oats: The average value in South Dakota, \$9.31; in North Dakota, \$8.96; Minnesota, \$9.62; Nebraska, \$7.72; Missouri, \$7.99. That has been the average value of these crops for the past 10 years, as disclosed by the Secretary.

Now, Mr. Chairman, I will turn to the cost of producing oats, hurriedly, and close, because I do not want to detain the committee after the hour they wish to adjourn, and I wish the rest of our delegation to be heard.

Senator SIMMONS. Have you given the average value before per acre of wheat in Canada and the average cost of wheat before per acre in Canada?

Mr. CHAMBERLAIN. No, Senator; I do not know where I can get that, but I arrived at this: If it cost \$8 to produce an acre of wheat and the yield is 14 bushels per acre—the average in the United States—then the cost of production is 57 cents per bushel. If the cost of producing per acre is the same, but the average yield 20 bushels per acre or better, as it is in Canada, the cost of production is reduced to 40 cents. You see the proposition. I got at that, and this, Senator, summarized, means that they can produce it in Canada cheaper than we can, because their fields are larger, they use bigger power, the same as big factories do as compared with the little one; they do it on the wholesale plan, where we do it on the retail plan in our older-settled communities. That was the sum of my proposition.

Senator McCUMBER. You were hurrying along so as to complete your arguments at some specified time?

Mr. CHAMBERLAIN. Yes, sir; 11 o'clock.

Senator McCUMBER. The time has never been specified to you, but your talk is so interesting and so important to this committee that I think you ought not to hurry yourself beyond what you feel you should, as you want to make a clear and concise statement. There is no session of the Senate to-day.

Mr. CHAMBERLAIN. I understand the chairman of the committee has an engagement that calls him away at 1 o'clock, and my delegation does not want to remain longer than to-day.

The CHAIRMAN. As far as the chairman is concerned, he wants to give you all the time you require to-day, Mr. Chamberlain, and his engagements will be subordinated to giving you and your associates a full hearing on this subject. I suggested the committee would like to adjourn at 1 o'clock, but if your people are not through, then we will continue.

Mr. CHAMBERLAIN. If that is to be done, it may be that our delegation would prefer that I drop out pretty soon and let them be heard, and I could stay until Monday, if it is desired that I should do so.

The CHAIRMAN. Suit yourself.

Senator WILLIAMS. Professor, before you stop I want to ask you one question as to the character of agricultural land in Minnesota.

Is the land there deteriorating in productivity or is it increasing now?

Mr. CHAMBERLAIN. Generally speaking, it is not deteriorating. I do not presume that more than one-third of the desirable land for agricultural purposes in Minnesota has been freed of its timber, or drained where it needs it, and brought under cultivation; and that is another objection we have in our State to the opening of this greener field.

Senator WILLIAMS. What is the character of your agriculture? Is it intensive? Are you improving your lands from year to year?

Mr. CHAMBERLAIN. Yes, sir; it is improving now from year to year by systems of crop rotation, clover, manure, etc.

Senator WILLIAMS. You have reached that stage where your productivity is not lessening, but is, on the contrary, increasing?

Mr. CHAMBERLAIN. Increasing; yes, sir. If you turn to the Year-book for South Dakota you will find that stated, and that is true in Minnesota generally, too.

Senator JOHNSON. Is the value of your farm lands increasing?

Mr. CHAMBERLAIN. Yes, sir. I will give you an instance. I sold, myself, on the 1st of March, my home farm that I had lived on for eight years. That land was opened to settlement about 1882 or 1883. I found a false—a fraudulent filing—and I filed on it in 1898 as a homestead, paid something for the relinquishment—not much—and sold it for \$72.50 an acre, and soon afterward it was sold for \$80.

Senator WILLIAMS. In counting the cost of wheat, you, of course, count as one of the elements of cost an interest upon the land?

Mr. CHAMBERLAIN. Yes, sir.

Senator WILLIAMS. So that, as the land increases in value, the cost of wheat increases; but really its increase is no misfortune to the farmer?

Mr. CHAMBERLAIN. No, sir; that is, the increase in the price of the land. I will concede this to the Senator, that the speculator in land in large quantities never should be allowed to compute interest on his investment in determining whether or not he is making money. It is a different proposition with the farmer who owns his home place.

Senator WILLIAMS. I was not speaking with that in view. That is perfectly right. I merely wanted to say that while that was charged to the farmer as a part of his cost, it really was an advantage to him.

Mr. CHAMBERLAIN. Yes, sir.

Senator GALLINGER. Is it so much an advantage to the son who is now growing up and will have to buy a farm?

Mr. CHAMBERLAIN. Let me continue a little further. Take the State of New York or Massachusetts, where, as I said here yesterday—and anyone can verify it—land increased in value that way, the farmer made a profit until a new country opened up. Who bore the loss? He did, or his unfortunate successor, and the loss always comes when you drive the young people from the farms of a community.

Senator GALLINGER. That is precisely what has happened in New England. The young people have gone to the industrial centers, and the father has fought the battle as long as he could and has had to surrender, and the farms have depreciated in value.

Mr. CHAMBERLAIN. I presume that the Senator who raised this question has in his State many old, abandoned plantations—beautiful places. There are in some States in the South.

Senator WILLIAMS. There were some time ago. About 10 or 15 years ago there were a good many.

Senator McCUMBER. There are a good many of them about Washington now.

Mr. CHAMBERLAIN. Now then, who must you have to build up that condition in New Hampshire, New York, Mississippi, Missouri, or any other place? You must have a young American, or a Dutchman, or a Norwegian, one of those three. They are accustomed to a cold climate. How are you going to get them in a hot climate, if you open up free land for them in the Northwest in a climate to which they are acclimated, under conditions under which they have always done their best? You can grow vines with the Italian, the man from southern France, but you can not, generally speaking, develop field agriculture—the growing of grains—with any race of men that come from a hot climate. They can not do their best under the conditions necessary to the growing of the small grains.

Senator WILLIAMS. I have forgotten what the percentage is in Mississippi, but I believe it is less than 1 per cent of people of foreign birth; but that fact has not been due to the cause you suggest, because the people originally came and settled from Great Britain, and if they have not thriven so well it has been owing to the fact that we have a large percentage of negro population and the white population has moved to a country where the negro population does not exist.

Mr. CHAMBERLAIN. I thoroughly appreciate the fact, and I do not differ with the Senator; but if you had lived in a northern climate for 25 years, and seen tens and hundreds and thousands of our people go from our climate to your climate in Louisiana and other States in the South and come back in two or three years disgusted, and tickled to death to get back because of the climatic conditions, you would appreciate more the truth of my proposition. That is no reflection on your climate at all, nor a reflection on your country. I think as much of your country as I do of my own country. It is merely a provision of nature.

Now, to pass on, the cost of the production of oats is disclosed by the bulletin I refer to. For a period of six years the average cost of producing an acre of oats at Northfield was \$9.85; at Marshall, Lyon County, \$9.03; in Halstad, Norman County, \$7.11; or an average of \$8.66 per acre for the three places.

Referring to the Yearbook, the average value of an acre of oats for the 10-year period was \$9.62 in the State of Minnesota, or a profit of 96 cents per acre to the farmer. In Nebraska it was \$7.72; in North Dakota, \$8.96; in South Dakota, \$9.31; and in Missouri, \$7.99.

Now, Mr. Chairman, I might follow that with barley, with flax, and with potatoes, but I do not feel that it is better to do so. I think we will leave this proposition.

Senator McCUMBER. You have kept me here in a state of intense interest as to how the North Dakota people got wealthy, or seem to have.

**Mr. CHAMBERLAIN.** As farmers—the only way a farmer ever gets rich, if he confines his operations to farming, is by the increase in value of the land and furnishing himself employment at a living wage. That is what makes him rich; keeping busy and keeping his wife and boys busy.

**Senator WILLIAMS.** Why is it oats cost so much more to produce than wheat?

**Mr. CHAMBERLAIN.** The methods of tillage are a little different. We may compare, item for item, the cost. The cost of seed wheat per acre at Northfield was \$1.01; of oats, 99 cents. The cost of cleaning wheat at Northfield was 4 cents; of oats, 2 cents. The cost of plowing was \$1.25 in each case. The cost of dragging was 23 cents in the case of wheat, 28 cents for oats; seeding, 23 cents for wheat, 26 cents for oats; cutting, 40 cents for oats, 46 cents for wheat; twine, 29 cents for wheat, 33 cents for oats; shocking, 16 cents—I am not giving the tenths—for oats and 22 cents for wheat; stacking, 78 cents for wheat, 77 cents for oats; stack thrashing (labor), 52 cents for wheat, 56 cents for oats. The thrashing, cash cost, was 35 cents for wheat, 77 cents for oats. The machinery cost was the same, 51 cents, in each case, and land rental the same.

**Senator McCUMBER.** And that could all be summed up in the proposition that you raise a great deal more straw to the acre with oats than with wheat; and handling of the extra straw, binding twine, and other expense accounts for the extra cost of handling your acre of oats.

**Senator SIMMONS.** I understood you to say a while ago that the people in North Dakota had grown rich because of the increase in value of their land. What is the amount of the increase in value of their land? I know what is the cause of the increase in my country. They have increased enormously, but they have increased largely on account of the higher prices of farm products.

**Mr. CHAMBERLAIN.** Better farming, which has demonstrated that the producer can produce and sell more.

**Senator SIMMONS.** That is an element?

**Mr. CHAMBERLAIN.** There has been a higher price. As I said awhile ago, the farmer never in the history of agriculture until the last three years fixed the price of anything he had to sell—the other fellow fixed it for him.

**Senator SIMMONS.** The reason I wanted to get your idea of what had increased the value of the land was in view of the fact that I was a little confused by two statements. One, that the value of the land had greatly increased, while you have just been arguing that the farmer was making no profit on his crops.

**Mr. CHAMBERLAIN.** He is not, according to the best statistics we have. The history of the development of the price of land in all new countries is practically the same. It reaches about \$5 an acre and stands there for five years or more before it reaches \$10. Then it goes from \$10 to \$20 slowly, but after it goes to from \$20 to \$25 it takes a big jump in all States. You Senators will remember instances of that. The shrewd land dealer will not buy land that is not worth \$20 or \$25 an acre. The old experienced farmer will not buy land until it is worth \$20 to \$25 an acre. You could not drag the old



Illinois farmer out to our State when we offered him cheap land. The farmers say if it is not worth \$25 it is not worth buying. The history of New York, Iowa, and Illinois and every other State is that land goes from \$25 to \$50 quicker than it went from \$15 to \$20, and it goes from \$50 to \$75 still quicker.

Senator CULLOM. What is the price in Illinois now?

Mr. CHAMBERLAIN. \$225 to \$250 an acre, and still going up. Let me read the value of the wheat crop in the State of Illinois as disclosed by this record. In 1900 the value of the wheat crop was \$8.32; in 1901 it was \$12.14; in 1902, \$10.62; in 1903 it was \$6.30; in 1904 it was \$13.94; in 1905 it was \$12.96; in 1906, \$13.46; in 1907, \$15.66; in 1908, \$12.61; in 1909, \$18.10.

These figures, when you make your computations, when you take the yield and the price, are right. There is not any trick in this proposition, or any juggling. I think too much of our Secretary of Agriculture to believe that there is any mistake in it. He has been a great Secretary. He has given us the facts, and they do not sustain the administration in this proposition.

Senator SIMMONS. Speaking about the increase in the value of the land, it seems to me there must be either a better price for the land or a higher yield per acre, or a greater demand by reason of the Government's policy.

Mr. CHAMBERLAIN. I will tell you what my judgment is, and my experience—and I have had some experience—my experience tells me that what results in the increase of the price of land oftener than anything else is a very low interest rate where the money is. You can not get the investor to go to Minnesota, South Dakota, or anywhere else and buy land as an investment, when his interest rate is sufficient at home. He would rather keep his money there on his neighbor's farm. Let the interest rate in Illinois on farm mortgages go down to 4 per cent, and if you have any land to sell get over into Illinois and get busy.

Senator CULLOM. Let me ask you what your vocation is now?

Mr. CHAMBERLAIN. Superintendent of farmers' institutes, Senator, and has been for five years.

Senator CULLOM. I was not present when you first began.

Mr. CHAMBERLAIN. I operated a farm there for eight years. I was raised on a farm in Canada. Now, Mr. Chairman, I think I called attention to the fact that Canada exports annually \$100,000,000 worth of the very things that this bill proposes to place upon the free list. I called attention to the fact that the production of wheat alone, to the northwest of us, has increased 120,000,000 bushels per annum since 1900, nearly one-fifth of what we consume. I called attention to the tendency of the movement of population to the new country and the result to the older States, even to my home State, although it is considered one of the youngest. Eighteen carloads of emigrants' movables left Tripp, a little station of 200 people, in my State, on one train last spring for Canada—18 carloads, with this duty against them. One of their emissaries had come down there from Canada and gone up a little branch line—and they are all clothed with authority to act; our real-estate men can not go out the way theirs do. I had gone up that little side line and made a talk at nearly every

station, trying to stop those men from going. But he had those big, heavy heads of oats and the announcements of his Government, and we could not stop them. Now, then, you let them go out with the additional siren song that they can send their wheat back to this country for their own friends to eat without paying duty; that our millers must have their oats—you give him that additional weapon, and when he comes down through that country—

Senator CULLOM. Eighteen carloads of people? Did they have money to buy land?

Mr. CHAMBERLAIN. Not of people—of emigrants' movables. There were probably about 20 families. Yes, sir; they had money to buy. You can go into that country, Senator, and buy a section of land on 10 years' time, at least—I think it is 14—that railway land. You can live on the section that you buy, file a homestead on an adjoining quarter section, cultivate it, and never take a chance of losing the results of your industry, and the Government gives the homestead to you in three years. You can get your payment extended over long periods of time on that railway land.

Senator SIMMONS. What has to be done to that land before it is in condition to plant?

Mr. CHAMBERLAIN. It just simply has to be turned over with the breaking plow, and a little seed mulch made on top of it. It produces probably the best crop the next year it will produce. You can go there and break your land in August or September—it should be broken in June, but you can break it later—and the next year have your wheat in the elevator in September. You get title to it if you just keep up your cultivation each year, provided you live on that land or on the adjoining land.

Senator SMOOT. Perhaps it would be well just at this time to put in the record an advertisement cut from a Canadian paper, showing the three ways of buying farm land in Canada, and the returns.

Mr. CHAMBERLAIN. If you please, Senator.

Senator SMOOT. If you have no objection.

Mr. CHAMBERLAIN. I shall be glad to have you do so.

Senator SIMMONS. I wish you would read it.

Mr. CHAMBERLAIN. Yes; it would be well to read it, Senator.

Senator SMOOT. You read it and have it go in that way.

Mr. CHAMBERLAIN (reading):

CANADIAN PACIFIC OFFERS YOU FARM IN SUNNY ALBERTA, NEAR EXISTING RAILWAY LINES.

The last chance for a first selection of low-priced land in central Alberta, near existing railway lines.

That "last chance" reminds me that the other day I was in one of those western towns and started up from the depot, and the first building I came to had a beautiful sign on it reading, "First Chance Saloon." After I passed I looked back and the other side of the sign read, "Last Chance Saloon." [Laughter.] That is the way with these fellows.

Thousands of home seekers and shrewd investors have snapped up all the former tracts offered by the Canadian Pacific Railway. This new one just now opened is your best chance. Here you'll find American neighbors—400,000 acres in this district were bought by American home seekers during 1910.

That is where some of our money is going. Do you people realize that a great many of the bankers of Iowa two years ago this summer had to actually close their doors to men who wanted to borrow money or get money in any way they could to take to North Dakota and South Dakota to invest in farm lands? It is a fact, they did. They said, "You can not take that money out of this State," and the census of that State shows an actual falling off in population.

Senator WILLIAMS. Do you really think that when our forefathers came over here they hurt Great Britain by leaving?

Mr. CHAMBERLAIN. That is a different proposition entirely, Senator. Great Britain was very crowded at that time.

Senator WILLIAMS. Not at that time.

Mr. CHAMBERLAIN. It was increasing at that time.

Senator WILLIAMS. It had about 8,000,000 population, I believe.

Mr. CHAMBERLAIN. At what rate per acre is that?

Senator WILLIAMS. I do not know. They have about 45,000,000 now.

Mr. CHAMBERLAIN. Well, Senator, I will leave it to the Senator from New Hampshire, the Senator from New York, the Senator from Massachusetts, and the Senators from all the older States whether or not those States have suffered by seeing their boys leave the farms.

Senator WILLIAMS. Suffer in a sentimental way or in the sense of patriotism; yes. But while New Hampshire is not a very rich State agriculturally, I think New Hampshire is wealthier to-day per capita than most States of the Union, and it has experienced a large emigration.

Senator GALLINGER. The wealth has come from manufacturing.

Senator WILLIAMS. I understand. Connecticut is the same; they have not been injured.

Senator GALLINGER. Our section has been injured because of the young people leaving our farm lands.

Mr. CHAMBERLAIN. I read again:

Now we offer 2,000,000 additional acres—the pick of the Province, the finest wheat land on the continent—where farms are often paid for with one season's crops—

And one of our gentlemen who is with us knows of a specific instance of that kind—

where climate, soil, transportation, and markets combine to build fortunes fast. The eyes of the world are on this country. Yet right here by the railroad, among neighbors, where good roads, schools, and all sound social conditions are established, we offer you a farm at \$12 to \$25 an acre.

Three ways of buying your farm, at your option:

For investment, one-sixth cash, balance in five equal annual installments.

Development by settler, one-tenth cash, balance in nine equal annual installments.

Crop payment plan, in partnership with Canadian Pacific Railway, one-tenth cash, balance by crop payment—no crop, no pay.

Where do you offer that to the young men in this country? What do our railroads offer to them—or anybody else?

Think of it! Such an offer of the choicest of "The last best West." The gate is unlocked to the best great tract of virgin land in sunny Alberta. Districts previously sold are making fortunes for American farmers who realize that western Canada is the future source of wheat supply for the United States.

Write for free book now.

First come, first served; earliest arrival, biggest value, quickest results. Write quick for "Alberta Handbook," and all the facts about this land of home and fortune. Address J. S. Dennis, manager, Alberta land department, Canadian Pacific Railway, 334 Ninth Avenue west, Calgary, Alberta, Canada.

That is an advertisement of the Canadian Pacific Railway, that owns 7,500,000 acres up there yet. The Canadian Grand Trunk Railway owns nearly as much more. The Canadian Northern has, as I understand, Senator, very large land grants that have not yet been disposed of because they have scarcely gotten possession of them.

Senator McCUMBER. The Canadian Northern has a great many land grants.

MR. CHAMBERLAIN. I know it has. One thing more, gentlemen, and I will close for the present, and I think for good.

The farmers have been consuming, probably, at least 200,000,000 bushels of the crop of American wheat. Approximately 55,000,000 or 60,000,000 bushels of wheat is used for seed purposes; 140,000,000 bushels of it have been consumed, not as wheat, but as flour and bran and shorts, which have passed through the hands of the manufacturer. Now, gentlemen, this proposition is as follows: We will let the Canadian farmer furnish the American farmer the wheat from which his flour is made, but by the same bill we will increase the protection of the American miller against the Canadian miller, both flours being made from Canadian wheat, 100 per cent higher than at the present time.

Senator SIMMONS. How do you work that out?

MR. CHAMBERLAIN. I am very glad the Senator asked the question. I wrote this article myself.

It takes approximately  $4\frac{1}{2}$  bushels of wheat to make a barrel of flour, and there are 74 pounds of bran and middlings left. We imported from Canada during the last year 143,830 barrels more flour and \$105,265 more bran and middlings than we exported to Canada. This was approximately equal to 505,944 bushels. We also imported 97,419 bushels more wheat from there than we exported; or, in all, the equivalent of 603,363 bushels of wheat from there in excess of our exportation to them.

And paid, gentlemen, 25 cents a bushel duty. How much would have come in if this proposed law had been in effect? How much would have come in then, if 600,000 bushels came in and paid us 25 cents a bushel duty?

When wheat is \$1 per bushel, flour usually sells at \$5 per barrel, and bran and shorts at a little more than \$20 per ton. When the American miller under the present duty goes to Canada and buys  $4\frac{1}{2}$  bushels of wheat to make a barrel of flour and 74 pounds of bran and shorts, he pays \$1.12 $\frac{1}{2}$  duty on the wheat.

If the Canadian miller takes another  $4\frac{1}{2}$  bushels of wheat and makes from it 1 barrel of flour and 74 pounds of bran and shorts, and brings it to the United States to sell—

Under the present law—

he must pay \$1.25 duty on the flour and 15 cents on the bran and middlings, or a total of \$1.40.

Then under the present law the American miller is protected against the Canadian miller to the amount of 27 $\frac{1}{2}$  cents per barrel of flour—

The difference between \$1.40 and \$1.12 $\frac{1}{2}$ —

and the by-products, if both barrels are made of Canadian wheat. Under the proposed treaty he would be protected to the amount of 50 cents on the flour and 9 cents on the bran and shorts, or 59 cents in all, an increase of over 100 per cent.

Senator LA FOLLETTE. I should like to ask that that entire article be printed in the record.

(The article referred to is as follows:)

[The Dakota Farmer, Apr. 1, 1911.]

**THE RECIPROCITY TREATY—HOW WILL IT AFFECT THE FARMER IF ADOPTED?**

**SOME BELIEVE IT WILL BENEFIT HIM—SOME BELIEVE IT WILL DAMAGE HIM—SOME BELIEVE IT WILL DO NEITHER—THE FACT REMAINS THAT THE GREAT MAJORITY OF FARMERS IN THIS SECTION BELIEVE THAT THE ADOPTION OF THE TREATY WOULD PROVE TO BE ALMOST A CALAMITY.**

The session of Congress just adjourned, having failed to act on the proposed reciprocity treaty with Canada, President Taft has called an extra session to convene April 4.

This proposed treaty has been much discussed, but in all the discussion we have failed to find much of real value—practically nothing which would enable one who had not made a special study of the subject to form an intelligent opinion of the results which would follow the adoption of the treaty.

To give our readers the best possible information we have compiled the following abstract from the President's message transmitting the treaty to Congress and the schedules accompanying it. The treaty covers many articles, but we have confined this abstract to those in which our readers are most vitally interested.

The following schedule gives in the first column the name of the article; in the second column, the present rate of duty on the article coming into this country; the third, the rate of duty paid when exporting to Canada; the fourth, the proposed rate each way if the treaty is accepted; the fifth, our imports of the articles from Canada during the last fiscal year; and the sixth, our exports to Canada during the same period.

Articles.	Present duty.		Duty under reciprocity.	Imports from Canada, year ending June 30, 1910.	Exports to Canada, year ending Mar. 30, 1910.
	Entering United States.	Entering Canada.			
Horses under 1 year worth \$50 or less.	\$30 each.	\$12.50 each.	Free.	2,615 head; value, \$464,560.	6,004 head; value, \$401,608.
Other horses worth \$150 or less.	do.	25 per cent.	do.	do.	do.
Other horses worth over \$150.	do.	do.	do.	do.	do.
Cattle under 1 year.	\$2 each.	do.	do.	do.	1,012 head; value, \$25,150.
Other cattle worth not over \$14.	\$3.75 each.	do.	do.	205 head; value, \$6,068.	2,760 pounds; value, \$214.
Other cattle worth over \$14.	27½ per cent.	do.	do.	103,519 head; value, \$327,987.	35,844 head; value, \$131,462.
Hogs.	\$1.50 each.	1½ cents per pound.	do.	Of all these we imported only \$84,704 worth from Canada.	1993,407 pounds.
Sheep over 1 year old.	\$1.50 each.	do.	do.	Value, \$3,576.	5,453,257 pounds.
Fresh meats.	14 cents per pound.	3 cents per pound.	1½ cents per pound.	Value, \$323,457.	10,915,679 pounds.
Bacon and hams.	14 cents per pound.	2 cents per pound.	do.	143,930 barrels.	11,341,230 pounds.
Lard.	25 per cent.	do.	do.	Value, \$218,272.	275,068 pounds.
Dried and salted meat other than above.	do.	27½ per cent.	20 per cent.	Value, \$3,576.	Value, \$32,597.
Canned meats.	5 cents per pound.	do.	Free.	980,036 pounds.	61,081 pounds.
Poultry, dead.	3 cents per pound.	do.	do.	163,350 pounds.	215,681 pounds.
Poultry, alive.	6 cents per pound.	4 cents per pound.	do.	39,810 dozen.	750,476 dozen.
Butter.	do.	3 cents per pound.	do.	152,383 bushels.	54,964 bushels.
Cheese.	do.	3 cents per dozen.	do.	143,930 barrels.	31,398 barrels.
Eggs.	25 cents per dozen.	12 cents per bushel.	do.	Value, \$323,457.	Value, \$218,272.
Wheat.	25 cents per bushel.	60 cents per barrel.	50 cents per barrel.	946,479 bushels.	23,361 bushels.
Flour.	20 per cent.	7½ per cent.	12½ cents per hundred-weight.	56,989 pounds.	9,260 pounds.
Bran and middlings.	15 cents per bushel.	10 cents per bushel.	Free.	2,420 bushels.	164,532 bushels.
Oats.	\$1 per hundred-weight.	60 cents per hundred-weight.	50 cents per hundred-weight.	None.	2,184,463 pounds.
Oat meal and rolled oats.	30 cents per bushel.	15 cents per bushel.	Free.	4,357 bushels.	583,893 bushels.
Barley.	40 cents per bushel.	45 cents per hundred-weight.	Free.	None.	33,291 barrels.
Barley malt.	15 cents per bushel.	Free.	12½ cents per hundred-weight.	96,507 tons.	7,680 tons.
Corn, except into Canada for distillation.	40 cents per hundred-weight.	25 cents per barrel.	Free.	About 90,000 bushels.	15,228 bushels.
Corn meal.	25 cents per bushel.	20 cents per bushel.	Free.	Value \$23,431.	1,806 bushels.
Hay.	do.	10 cents per bushel.	do.	983,282 feet.	Value \$3,178.
Potatoes.	1 cent per cubic foot.	do.	do.	Not given.	106,344,126 feet.
Flaxseed.	\$1 to \$1.75 per M feet.	Not given.	50 cents per M feet.	do.	Not given.
Boards, planks, and deals, sawed only.	\$1 to \$1.75 per M feet.	do.	75 cents per M feet.	do.	Do.
Same, planed on one side.	\$1.25 to \$2½ per M feet.	do.	\$1.12½ per M feet.	do.	Do.
Same, planed on one side and tongued and grooved or planed on two sides.	\$1.62½ to \$2.37½ per M feet.	do.	do.	do.	Do.
Same, planed on three sides.	do.	do.	do.	do.	Do.

Articles.	Present duty.		Duty under reciprocity.	Imports from Canada, year ending June 30, 1910.	Exports to Canada, year ending Mar. 30, 1910.
	Entering United States.	Entering Canada.			
Same, planed on four sides.....	22 to \$2.75 per M feet.....	Not given.....	\$1.50 per M feet.....	Not given.....	Not given.
Cream separators and parts thereof.....	45 per cent.....	Free.....	Free.....	Not given, but small.....	Value \$487,261.
Cast-steel wire.....	Not less than 35 per cent.....	5 per cent.....	do.....	Practically none.....	51,989 pounds.
Galvanized wire.....	1.2 cents per pound.....	Free.....	do.....	do.....	641,418 hundredweight.
Barbed fencing wire.....	4 cent per pound.....	do.....	do.....	do.....	226,817 hundredweight.
Farm wagons.....	35 per cent.....	25 per cent.....	224 per cent.....	do.....	5,379.
Coal, bituminous; run of mine.....	45 cents per ton.....	53 cents per ton.....	45 cents per ton.....	Not given, but insignificant.	5,690,576 tons.

AGRICULTURAL IMPLEMENTS.

We have grouped these to save space: The duty on plows, harrows, disks, harvesters, seed drills, mowers, horse rakes, cultivators, and threshing machines brought into the United States now is 15 per cent; and going into Canada from the United States from 17½ per cent to 20 per cent. The duty under the treaty would be 15 per cent each way, just the same as now on tools coming into this country, but from 2½ per cent to 5 per cent less when going into Canada. Last year we imported \$74,618 worth of these and our manufacturers shipped into Canada \$2,579,597 worth of implements. There is no reduction on these implements coming this way, but a reduction of \$123,052.38 in the amount of duty our manufacturers will have to pay on the amount they shipped to Canada last year.

The duty on portable and traction engines and horsepower for farm use now is 30 per cent coming this way, 20 per cent going to Canada, and will be 20 per cent under the treaty. We do not import any of these, but exported to Canada last year \$1,803,792 worth.

On hay loaders, potato diggers, hay tedders, feed cutters, grain crushers, fanning mills, and field and road rollers the duty coming this way is now 45 per cent; going into Canada 25 per cent; and the treaty rate each way is 20 per cent. We do not import any of these, but export to Canada quite largely of each.

CLOCKS, WATCHES, ETC.

On clocks, watches, and parts thereof the duty coming here is now 40 per cent (average) and going to Canada 30 per cent. Under the treaty it would be 27½ per cent both ways. We exported to Canada last year \$294,442 worth of these and imported from there \$1,080 worth.

SUMMARY.

With a higher duty on horses, cattle, sheep, and hogs than Canada imposed, we imported from there \$1,128,100 worth during the last fiscal year, and only exported \$560,285 worth to them, a difference of \$567,815 worth. How many of these animals will reach our markets if they can come in free?

Of wheat we imported 152,383 bushels that paid a duty of 25 cents per bushel, and only exported 54,964 bushels to Canada when the duty charged there was only 12 cents per bushel. If the duty into Canada had been 25 cents, or the same as coming here, how much would we have exported? How much will we import if the 25 cents per bushel duty is removed?

Oats we imported 946,479 bushels that paid a duty of 15 cents per bushel, while we only exported to Canada 23,361 bushels when the duty was only 10 cents per bushel. Remove that 15 cents per bushel duty and how many will we import and what will ours be worth?

Corn is the grain that surprised the writer most. Our import is small, but we did not before realize that Canada now admits it free of duty. The farmer does not gain anything there. No new market is opened for corn.

Of flaxseed, we last year with 25 cents per bushel duty imported 1,410,398 bushels, while we exported to Canada less than 2,000 when the duty was only 10 cents per bushel. How much will we import if that 25 cents per bushel is removed? What will flaxseed be worth?

Under the present law, imposing 6 cents per pound duty against butter and cheese, we still import more than we export. What will happen when the duty is removed?

ON THE OTHER HAND.

The moment the manufacturer touches any of these raw products of the farm it becomes protected. The free list is so formed as to practically never permit the freely admitted article to reach the real consumer—only the manufacturer.

Take meats and live animals as an example. The packer might send his hired men into Canada for a trainload of cattle, sheep, or hogs, and the whole lot, 1 head or 20 trainloads, would come in free; but if anyone bought a mutton chop, a steak, a pail of lard, a ham, or a pig's ear in Canada for use on his table he would have to step up to the customs officer and pay 1½ cents per pound duty.

Why is this necessary, or just? With the present rate on meats imported into Canada from the United States, which averages fully 2 cents per pound,



we exported to Canada during the last fiscal year \$3,587,044 worth of meats, lard, and tallow, on which the packers paid a duty of \$626,355.14. Under the proposed treaty they would only have to pay on the same products \$378,040.85, or a saving of \$239,314.29.

We only imported from Canada \$84,704 worth, on which a duty of \$16,941 was collected by the United States, and under the proposed treaty this would only be reduced \$4,236. In other words, the American packer now dominates the Canadian market after paying an average of 2 cents per pound duty on his product. What would he be able to do if this were reduced 37½ per cent, as proposed by this treaty? And where would the American consumer be benefited? The Canadian can not compete in his own market. What hope can we have, then, that he will be able to pay 1½ cents per pound duty and compete here? With a duty of from \$2 on a veal calf to \$22 on an \$80 steer, we still import 4,156 head more cattle than we export.

With a duty of \$1.50 per head on hogs, we import nearly \$4,000 worth more than we export. With a duty of from 75 cents on a lamb to \$1.50 on a sheep, we import 67,675 head more than we export.

The packer now kills these, ships them back to Canada, pays the Canadian Government 2 cents per pound duty, or \$626,355, and still does a business in that country of about \$4,000,000, and does it at a profit. If we reduce the duty he has to pay \$239,314 and let him bring his animals in free, how much more will he make than he does now? And it will not be necessary for him to reduce the price either here or there. He has the Canadian packer whipped both places under the present tariff. A splendid proposal, indeed, for the Canadian farmer and the American packer, but where do the Canadian packers and the American farmers come in?

#### WHEAT AND FLOUR.

It takes approximately 4½ bushels of wheat to make a barrel of flour, and there are 74 pounds of bran and middlings left. We imported from Canada during the last year 143,880 barrels more flour and \$105,265 worth more bran and middlings than we exported to Canada. This was approximately equal to 505,944 bushels of wheat. We also imported 97,419 bushels more wheat from there than we exported, or in all, the equivalent of 603,363 bushels of wheat from there in excess of our exportation to them.

When wheat is worth \$1 per bushel flour usually sells at \$5 per barrel and bran and shorts at a little more than \$20 per ton. When the American miller under the present duty goes to Canada and buys 4½ bushels of wheat to make a barrel of flour and 74 pounds of bran and shorts, he pays \$1.12½ duty on the wheat.

If the Canadian miller takes another 4½ bushels of wheat and makes from it one barrel of flour and 74 pounds of bran and shorts, and brings it to the United States to sell, he must pay \$1.25 duty on the flour and 15 cents on the bran and middlings, or a total of \$1.40.

Then under the present law the American miller is protected against the Canadian miller to the amount of 27½ cents per barrel of flour and the by-products, if both barrels are made of Canadian wheat. Under the proposed treaty he would be protected to the amount of 50 cents on the flour and 9 cents on the bran and shorts, or 59 cents in all, an increase of over 100 per cent. Will this tend to reduce the cost of living to the consumer, or will it add to the profits of the miller?

#### FLAXSEED.

This product of the Northwest is placed on the free list. Note the enormous importation under the present duty of 25 cents per bushel. The duty on linseed oil remains the same.

#### LUMBER.

Rough lumber, right from the saw, is proposed by the treaty to be placed on the free list. But alas! The farmer does not use much of it. To avail himself of the provision he would have to stop his car in transit, unload, haul to a planing mill, and back to his car, and reload and reship. With this expense and the cost of planing it would be anything but a profitable transaction. He must pay the duty of 50 cents to \$1.50 per thousand, according to how many sides he wants dressed.

The manufacturer shipping in large quantities to his own mill is the only man who could avail himself of this provision of the proposed treaty. It is proposed to reduce the duty on lath from 20 cents to 10 cents per 1,000 pieces, and on shingles from 50 cents to 30 cents per 1,000. This should result in a corresponding reduction by the retailer, but past experience indicates that it probably would not.

#### COAL.

The proposed treaty would save the American coal baron \$455,248.08 per annum on his exports of bituminous coal to Canada, if they were the same as last year.

#### AGRICULTURAL IMPLEMENTS.

The American manufacturer now sells every kind of tool the farmer uses in the Canadian market. The Canadian manufacturer can not hold his own market under the present rates, much less compete in this country. It will be noted that there is no reduction whatever proposed on the farm implements necessary on every farm, when imported into this country, but a material reduction of the duty on almost every one entering Canada. Who does this benefit?

#### STUDY THE TABLES.

The above figures have been prepared very carefully and are well worthy of careful study by all interested.

Mr. CHAMBERLAIN. That flour is coming in under the present law, where the American miller is protected to the extent of  $27\frac{1}{2}$  cents on his product; and this bill proposes to take away the duty in favor of the farmer and increase it in favor of the miller over 100 per cent.

Now, Mr. Chairman, we are told by high authority that we should favor this bill because the farmers up there are bone of our bone and flesh of our flesh. I wonder if the millers up there have the same kind of bone and the same kind of flesh as the millers in this country. What is the reason for increasing the duty 100 per cent in favor of the manufacturer of wheat and putting the farmer's wheat on the free list? His labor does not cost any more than the labor of the miller here, and the farm labor does not cost any more up there than it costs here.

This thing of a difference of wage between these two countries is a joke to anybody who knows the geography of the manufacturing communities. You can not find manufacturing communities of material size, any number of them, you might find an exception that are 100 miles from the international line. They are strung all along down the line. Winnipeg, how far is that from the line? That is about as far as you get. Windsor is just across the line a half mile, and Walkerville only a half mile from the line. St. Thomas, the next point, and London about 30 miles back from Lake Erie; Hamilton on the way down, and only two hours' ride from Niagara River, and Kingston, Montreal, Quebec, all right there close to the border line. Is not that right, Senator? You know that country.

The factories of that country are just at the door of our factories, and you propose to maintain the duty in favor of our manufacturers on everything the farmer uses at the same rate it is now, not lower it practically one cent, except in a few instances, and in every case it is to be lowered we have both their market and our own, now. You propose to hold the duty exactly the same in favor of the manufacturers of those products, and you propose to open the gate wide and let the whole herd in when it comes to the farmer himself. One-third of the consumers of this country, gentlemen, are farmers;

and if you take the farmers who are actually living on the farm and compute it you will make up that one-third, and add the men who farmed until they were worn out and moved to town you will find 40 or 45 per cent of the consumers of this country derive their living from the farm. They are the biggest body of consumers we have, and you propose what? To give them free trade with the only competitor on earth they have, practically, but still protect the manufacturer.

Sheep—there is another joke. I do not want to forget that; that is funny. It is true some sheep would come here from some other country, but wheat would not come here from any other country in the world. You put wheat, oats, barley—every product of the soil on the free list. I spoke of the sheep. I want to call your attention to two propositions: There is an erroneous notion in this country that because the great ranges have been broken up, and settled by settlers to a very large extent, the supply of live stock for meat purposes, the available supply, is reduced. There never was a bigger mistake made, and I want to call your attention, gentlemen, particularly to the history of your own State, as you have seen it, or any new country, I do not care where it is, when the settlers supplant the ranger or grazer. Now, I say the “actual settler”; I do not say the homesteader—the first influx of our people to the new land is what we call “homesteaders”—school mams, preachers, invalids, clerks—everybody rushing to get a piece of land; during the period that they control the country, which maybe will run three or four years, there is less live stock, but when you get the farmer on the quarter section of land and the country built up with farmers you increase the meat-producing animals from 100 to 200 per cent.

The Senator from Wisconsin or the Senator from Illinois or any of you will recall the time of the stock range in your country, and when the settler came and drove them out and put an end to the range condition. There was then talk that stock would go up because the ranges were broken up, but the census shows that live stock has increased every year ever since. Now, then, we are needing those settlers and trying to get them to settle in our State. We need three times as many farmers as we have. We need 300 farmers for every one hundred we have in our State, and we have the opportunity for them, too; North Dakota has the same thing; Minnesota has opportunity for four hundred for every hundred they have, and elegant opportunities and better opportunities than they have in Canada, but you can not make some people believe that the greenest field is anywhere except at the greatest distance. As I said awhile ago, our boys leave and go up there in spite of the history of our State and the production of the wealth as disclosed by the records which I have referred to. But what I want to say is this: You will put our new farmer who is coming there and struggling for an existence, trying to keep a few cows and raise a few calves to sell to buy clothes for his family and support his family off the butter from the cows, by this bill you put him and all the rest of the farmers in competition with the new range country for some years to come, because, as I said yesterday, 600 or 700 or 800 miles from the end of the railroad is the future agricultural region in Canada, and that will be range country, except

as the settler gradually works up there and improves it for the next 10 or 15 years. You put our people in competition with that range condition, when, as a matter of fact, the conditions in this country, in the newer portions of the State, are tending to an increase in the number of meat-producing animals rather than decreasing. That is an economic condition. I will say to you, gentlemen, I believe it is all wrong.

I said something a while ago about the sheep. I was quite amused at the North Dakota antireciprocity meeting, when I was up there, by some of the speeches that were made. They finally got around to the sheep proposition. I remember, a good many years ago, when a good man was unfortunate enough to probably make a mistake in some particulars in regulating the tariff. Out West we used to say that "Grover Cleveland could not look a sheep in the face." [Laughter.] Now, this proposed bill goes him ten better. You retain the enormous duty on wool, you retain the enormous duty on wool products, but the packer can go up there and buy 100,000 sheep, as he did last year, or a million sheep, if he sees fit, and he can bring in 6 pounds of wool free of duty on the back of everyone of them. What does that mean? Wool is higher here than it is in Canada. I can not give you the figures, but it is a well-known fact that it is, because it competes there with the Argentine and the New Zealand wool. What is the result? I live on this side of the line; I have 500 sheep to sell. My sheep are worth 5 cents a pound. It is winter time, or the late fall or the spring, and they have wool on their backs. The wool on their backs is worth in this market 20 or 30 cents a pound, if you please.

The Senator, we will say, lives across the line in Canada. We can step out of one door into the other, but that little imaginary line is between us, and he has 500 sheep to sell, and his sheep are worth 5 cents a pound, body weight, but the wool on their backs is only worth 12 cents a pound, because of duty over here. If he clips them and sells the wool in his own dooryard it is only worth 12 cents. The packer comes up there. Whose sheep will he buy, will you tell me? He will buy his, because he can bring that wool in free, and he can make money by underselling me on my sheep 50 or 60 or 70 cents a head, simply because he can snake his wool in free if he brings it in on the sheep's back.

Senator WILLIAMS. If the customs board will allow that.

Mr. CHAMBERLAIN. The customhouse people can not help it if they bring it in on the sheep's back. They will bring it in in spite of you; you can not stop them.

Let me call your attention to something else, Senator. The packer goes to Canada, and he buys a trainload of hogs to kill over here. They have good bacon hogs over there, if you can buy them—steers, or anything else; we will call it hogs. He sends Pat down to bring the trainload of hogs over. They get to the line and the trainload of hogs comes through free; but if a customhouse official catches Pat with a pig's ear in his pocket he will have to pay duty or go to jail, because the ear was cut off of the pig. It was detached from the "squeal" of the hog, like a railroad coupon ticket, "void if detached." Is that fair distinction? [Laughter.]

Senator WILLIAMS. I think it rather a humorous one, and I do not think you really intended it.

Mr. CHAMBERLAIN. It is absolutely true. The value of the pig's ear may be a little small, but if he had a piece of bacon worth \$1.50 he would have to pay for that.

Senator WILLIAMS. As to the pig's ear, there may be other things full of absurdity.

Mr. CHAMBERLAIN. The proposition is no more absurd than the bill, if I may be allowed to express an opinion.

Senator WILLIAMS. You did not understand. I would not have been so discourteous. I mean that the tariff law was full of absurdities, so that there may be a duty even on pig's ears.

Senator McCUMBER. Mr. Chamberlain, is it your wish to go on?

Mr. CHAMBERLAIN. I do not think I ought to.

Senator McCUMBER. I want to ask you some more questions.

Mr. CHAMBERLAIN. I will remain then, Senator. I would rather not. I thank the committee for the very courteous consideration of what I have said.

Senator CRAWFORD. Mr. Chairman, we have several gentlemen here who come right directly from their farms. I am glad to present several of these people. They are actual farmers. They come on their own initiative, pay their own expenses, and because of their intense earnestness in this matter, and their feeling of apprehension in regard to its effect.

Mr. E. J. Mather, of Groton, S. Dak., has been in that country ever since the first settlement some 31 years ago. He came there as a pioneer and was an entryman—took up a homestead and I think has that identical homestead yet. He was there during all these years engaged in farming, and he wants to say just a word to the committee for perhaps five minutes.

#### STATEMENT OF MR. E. J. MATHER, OF GROTON, S. DAK.

Mr. MATHER. Mr. Chairman, my full name is Edwin Jones Mather, and I come from Groton, Brown County, S. Dak. I wish to say to this committee that I was appointed to represent a portion of my county before you in their protest against this proposed pact that you have under consideration; and, while I had in mind a very earnest plea to present as an argument, since arriving in your city I have been listening to and reading what the different people have testified before you, and I feel that the thunder of my argument has been presented in different ways, and I have decided to take up a different thread in presenting my plea. It will be in the form of an earnest request and admonition that each member of this committee will view earnestly and honestly the findings of the evidence that is being presented to you before you make your decision. Now, I do not wish to presume to give you advice; I do not wish to be so understood. I do desire that you will give it the attention that we farmers of the Northwest think it deserves. It might be putting it strong to insinuate to you that it is considered as nothing but an affront when you are so strongly urged to agree with the Executive. When he endeavors to assure us farmers that we will in no wise be injured by it, we can not but firmly believe he is mistaken. They claim that it is an entering wedge, but I assure you, in the language of our illustrious martyred President, who received the cognomen and still continues to be called the "rail splitter," if

any of you know anything of what an "entering wedge" will do sometimes, you will know that it does not always go in farther, even though the blows are earnest and rapid; they fly back and rebound, and we feel that this entering wedge will possibly rebound to our detriment for lack of blows to drive it through.

I will not enlarge upon anything that has been said, because the ground has been gone over by our professor, who has addressed you in an argumentative way, but there are many things that I would like to say in admonition further, but I will leave it to others who will follow me.

In the matter of being an example of a pioneer, my parents were born and raised in Claremont, N. H., and emigrated to Wisconsin in 1845. I was raised in Wisconsin until 23 years old, and then emigrated to South Dakota and took up a homestead, and have lived on my homestead since. I have struggled and worked as other farmers and neighbors have worked. I only had a common-school education to assist my mental effort. I reared a family, and they are commencing to go out—three daughters and a son. The son, through my example, I expect, and what education I have been able to give him, has selected agriculture as his vocation. Now, if he is to be thrown into competition with the wearer of the muskrat hat in the winter and the barefooted man in the summer in raising this wheat in Canada, I think it will not be very much of an inducement to him to continue on the farm. I could follow out this line of thought, but each individual of you will catch the trend of it, I judge.

The question was raised this morning here in the inquiry as to what produced the increase in the value of our land. I think our professor answered that very clearly; yet I wish to bring out this: That when our lands first commenced to increase in value, about 12 years ago—that is, the selling value, not the productive value—I do not claim they have increased in productive value, neither are they decreasing in it; they seem to be about normal, under the same conditions of weather and the same condition of tillage. They do not seem to deteriorate. We feel that we have a very rich subsoil. Of course it varies some, as in any other State, but our particular locality has a very rich subsoil and good, deep soil. Under good conditions and good, favorable climatic conditions we are normal to-day, as compared with 25 or 30 years ago. There does not seem to be any apparent depreciation in that regard. But about the time our lands commenced to increase, 10 years ago, in their selling value—and I think our professor answered that question—that where those Illinois farmers could sell their land for \$150 at that time and \$175 an acre they have come up to our State and bought our lands. It started at \$15 an acre and \$20 an acre, and they came there by carloads and snapped it up like we would snap up warm biscuits and maple sirup with a hungry appetite. But our farmers who did not sell did not have any more money to buy our lumber and pay for our improvements or to send our children to school than they had before. The only way we could get any more money than we were having would be to sell that land, and those who sold their lands made the mistake. Those who held onto their land have profited, because, as our Senator from North Dakota said, when the son came to buy that land again

he would feel the loss that his parent had made when he had sold the land at an advanced value. You get the idea?

Senator WILLIAMS. It seems to me if the family got the land once they would still have it. They would not have to buy it over again.

Senator McCUMBER. It might be the case that there was only one in the family, but generally there were more.

Senator WILLIAMS. What did you say?

Mr. MATHER. That might be the case if there was only one in the family, but generally there were more, and one farm would not do for the whole family.

Senator WILLIAMS. That would not be the case to the extent the land would not answer the next generation's purposes.

Mr. MATHER. So far as the cost of producing the acre of wheat is concerned, I think that the figures arrived at by the Agricultural Department are, in my experience, practically correct. They can be varied slightly by increased capacity, by allowing a man to drive wider gauge machinery, but the reduction is very immaterial. I think all the testimony I have heard since I have been here has been honest, and we simply stand here, as representatives of our section of the country, and protest against a measure that we think is not equitable; and I do not think politics should enter into this question at all—the play of politics. It may be amusing to some of you to know that I have been loyal to the Democratic Party during all these years and that investigation of the measure, so far as the protective feature or the free-trade feature of it is concerned, does not enter into my thoughts of it at all. It is a matter of equities.

I, as a Democrat, would be glad and willing to take my chances with the manufacturer if he was placed on the same basis that I am, either way—either for protection or otherwise. I was raised under protection; my family has been raised under protection; and we have had from time to time the different phases of it, and I am not particularly alarmed about it now. Theoretically, I have always contended that for "the greatest good to the greatest number" probably the free-trade argument had the better of it. Now, under this phase of it, I do not think it should enter into it either way. That is the way I look at it. This pact is too one sided.

If there is any question that any member of the committee desires to ask me, I would be glad to answer it if possible.

Senator LODGE. How much land do you farm?

Mr. MATHER. I farm personally something like 1,100 acres and farm out 400 acres, making a total of 1,500 acres under cultivation.

The CHAIRMAN. If there is no further question, the committee will hear the next gentleman.

Senator CRAWFORD. Mr. Chairman, those of us who have known him for years were very much pleased to know that Mr. Krueger, an old settler in South Dakota, who has been identified with it during his entire life, I think, as an actual farmer, accompanied the delegation here, and personally it gives me very great pleasure to have this opportunity to present Mr. Krueger to the committee. He will make a few remarks upon this subject.

**STATEMENT OF AUGUST W. KRUEGER, OF GROTON, BROWN COUNTY, S. DAK.**

The CHAIRMAN. You may proceed with your statement, Mr. Krueger.

Mr. KRUEGER. Gentlemen, I came to this country 41 years ago from Germany and landed in Wisconsin. From there I heard of the fertile wheat regions in Minnesota, and I went there. I stayed there from 1869 until 1880. I was very fond of raising wheat, the staff of life; to have the privilege of saying that I lived where it was produced to a greater extent than anywhere in the United States. But I heard there of the famous Red River Valley of the North; that it raised more grain; so in 1880 I went there and worked on what is known as the large Dalrymple farms. From there I heard about the James River Valley, and I went and took up my homestead and tree claims, and have lived and farmed there on it ever since, and I must say that as long as I have lived there never have I seen my neighbors on adjoining farms and in adjoining counties—and, for that matter, business men—take such an interest as in this present move of reciprocity. Yes, the more our farmers get acquainted with it, as well as business men, stronger and stronger the opposition to it grows, until to-day it is practically unanimous. That is the reason we were sent here.

Now, we are asked to come in competition in the raising of wheat with our neighbors in Canada. I am somewhat acquainted with the raising of wheat in Canada, as well as in the Dakotas and Minnesota, and, while I think of it, it is said that we should love our neighbors as we do ourselves—or our fellow farmers; that they were blood of our blood, flesh of our flesh. I think perhaps that it is all right that it should be that way. But never, gentlemen, have I heard it said that we should love our neighbors better than ourselves, and by extending this proposition to Canada to import their wheat free of duty it would mean ruination to us on this side of the line. I have seen farms there, half sections, that produced 35, yes, and even 45 bushels to the acre, respectively—full half sections. An older man who lived not far from me, a neighbor, bought a section of land. It was put into wheat. He bought the whole section for \$25 an acre, but it was not all wheat. Then the farmer proposed a bargain to me. I could not see the bargain, so a friend of mine took it, and when fall came on it was seeded; they had to seed it and put it into shape. All the buyer had to do was to harvest and pay them \$25 an acre, but when fall came he hired a harvester and threshed and hauled it to market; paid for the farm and had money left. He immediately went to work and bought some more land there. I have seen farmers and talked with them from South Dakota, from the best grain regions in South Dakota, and from Minnesota, where they have the best wheat fields, and asked those that had left there three or four years before how they found that Canadian country in comparison with those best wheat States, and they told me without exception that, notwithstanding wheat was from 10 to 15 cents lower there they could make more money because of farming it on a much larger scale.

Why, gentlemen, their soil is rich; their fields are large; they do not farm like we used to in Minnesota. We went them better and farmed on a large scale in the Dakotas, but they are going us much



better in farming on a larger and cheaper scale in Alberta and Saskatchewan. You must remember that the whole country is underlaid with coal. They will go to work and break up whole sections, some of them, in strips of 2 miles long, and break up as much as 500 acres in a season, and then go to work and two men put it in with machinery, take it off, and break about 500 acres more. I think that their raising wheat will not cost them one-half what it costs us, and, consequently, we can not compete with them.

Now, as to their ability to raise grain, let us take it, for instance, that when you leave Portal to go toward the mountains, a distance of 600 miles, it can all be broken up and put into wheat, and from the Montana line up north about 500 or 600 miles, which would enable them to raise not only millions but billions of bushels of wheat. So I say that it would be to our detriment if they should be allowed to do so. While I was there I overheard them talking about the matter. One farmer said, "If this reciprocity bill passes, what a great thing it would be for us." Another said, "That is so good that it can scarcely be true." One of them said, "If it was a Democratic administration, the Republicans might go to work and knock it out." But this, gentlemen, is a Republican administration. Mr. Taft proposed it, and the whole thing in a nutshell is that they have run to the end of their rope.

Think of it! Ninety millions of people, and it is a case where they have to come to us for wheat.

The question is, If we should pass it, what effect will it have on immigration? They will tell the immigrants that the United States can not support their people any more. Not only will it take away the industrious farmers with capital and have them invest in Alberta—oh, no—but it will also tend toward the taking of immigrants from Germany, Scandinavia, and from the British Isles, and they will tell them: "See here, you farmers have got to come here; you have got to invest here. They can not give you as good chances." What could we say in return to the immigrants? The better classes will surely go there.

I have been thinking that perhaps as long as we supported protection the way we have so loyally that it would be a good policy to protect the farmer, for I believe if you cripple the farmer you cripple the Nation. That great statesman of Germany (Bismarck) who made Germany, when they wanted to put bread on the free list, said that the farmer was the foundation of a nation, and they have prospered with all of their people, and I believe no nation has done better, and I say that I think we should protect our home industry and live up to the expression "America for Americans."

I do not know that I have anything more to say. I thank you, gentlemen.

Senator CRAWFORD. Mr. Chairman, I want to present another actual farmer, and an old resident, who has a word to say, and who has come here to protest against the enactment of this pact into a law. I now present Mr. O. W. Cochran, of Ipswich, S. Dak.

#### STATEMENT OF MR. O. W. COCHRAN, OF IPSWICH, S. DAK.

The CHAIRMAN. Please state your name and occupation.

Mr. COCHRAN. My name is O. W. Cochran; I am engaged in farming.

Mr. Chairman and gentlemen, I wish to enter a protest in behalf of the farmers of South Dakota with regard to the Canadian reciprocity treaty. I do not believe that there has ever been any proposed tariff legislation that has cut so deep at the farmer as this proposed treaty which you are now discussing, and I have talked with a great many farmers of late—in fact, it is the one topic which is talked about at the present time. An old settler of our county who is one of the largest farmers there, told me the day before I left home that he had been in that part of the State about 28 years and never, during the dry time, during the times we had extremely hard times, and during the discouraging times of the pioneer days, had he ever been so discouraged in farming as he was at the present time; he had always been a strong supporter of a protective tariff; he had always contributed, and he thought largely, toward the tariff in the matter of buying machinery, etc., and you must consider that the South Dakota farmer is a large consumer. He buys a great deal of manufactured articles—a great deal more so, perhaps, than you eastern people comprehend. It takes a great deal more machinery to run a western farm than it does an eastern farm. You can not put in 500 or 600 or 1,000 acres of wheat and harvest it with hoe and a one-horse cultivator, but you are required to use advanced machinery. People to-day are paying as high as \$3,000 for plows and equipment to pull those plows in the farming in the West, and they do not believe that when they pay a large protective duty on those things it is right that they shall buy on a protective market and sell their product upon a free-trade market.

As regards producing agricultural products cheaper in Canada than they do in the agricultural States of this Union, we believe that there is no better evidence than the fact that so many of our farmers are leaving our best agricultural States and going into Canada to make their homes. It is not because the Canadian Government is a better Government. It is not because they have more liberty there. It is not because of any dissatisfaction. It is not because of a better climate, but there must be some reason for their doing this, and we can attribute it to no other reason, and we know of no other reason, than that there is an advantage offered in agricultural pursuits. They leave those States just the same as they leave the States in the East and go West.

Now, for the last two years there have been a great many people from the Eastern States who have gone into the Dakotas and Minnesota and bought land. They have bought on comparatively small payments. We will say that they have bought the cheaper lands. We will say that the lands are worth \$25 an acre, and when a young man succeeds in accumulating \$1,000 he goes into one of those States and buys land that is worth \$25 an acre. He can make payments on it at one-fourth of the value of the land and he still owes for three-fourths of the land, and we believe that this treaty, if enacted, will reduce the price of his land 25 per cent. If it reduces the price of his land 25 per cent, what have you done? You have simply taken away every dollar in the world that he had. I believe that is just what this treaty will amount to.

Furthermore, we can see no reason for it just at the present time. Perhaps it is the fault of our ability to comprehend the situation, but less than two years ago there was a tariff law enacted, and at that

time the West asked for some reductions in such things as they consumed, but got none, and when that tariff bill was signed the papers came out and said that the President said it was the best tariff bill that was ever enacted. Why is it that within less than two years you want to uproot the whole thing and place the United States in a state of uneasiness? I would like an explanation of that, and I thank you, gentlemen, for your attention.

Senator CRAWFORD. I want, Mr. Chairman, to have the committee hear a word from Mr. Otto Johnson, another actual farmer engaged in that business in South Dakota.

**STATEMENT OF MR. OTTO JOHNSON, OF REDFIELD, S. DAK.**

The CHAIRMAN. You may state your full name and place of residence.

Mr. JOHNSON. My name is Otto Johnson; I live at Redfield, S. Dak.

The CHAIRMAN. The committee will be glad to hear you, and you may proceed.

Mr. JOHNSON. We are, as you understand, all here to protest against this reciprocity bill. Of course, the points have been pretty well covered, but the sentiment among us where I live is very much against it.

I wrote to our Senator, Mr. Crawford, a letter protesting against such a bill, which, I think, had either 152 or 252 signatures on it, about the 4th or 5th of March, this year. I showed this letter to farmers, business men, and laborers, and told them if they had not studied the bill not to sign, and I only found five persons who were against it.

Senator CRAWFORD. You mean only five that were for it?

Mr. JOHNSON. Yes, sir; I mean for the bill and against the farmer. But the sentiment is growing stronger against this bill; so if I came around with the same letter at the present time I believe that the other five would sign it.

Now, it has been stated before, I think, that it is not an honest bill in any way whatever, when they expect us to sell what we have produced in an open market and what we buy we must buy in a protective market. Now, in regard to flour: There is, I guess, at the rate of about 11 cents per bushel difference if we want the Canadian flour, but Mr. Taft says the trusts must be protected. And so with the stock on hoof and the finished product. All the way through, what we have to sell is to be free, and the trust must be protected in every form except the paper business. And I do not think that if our Senators vote conscientiously on this bill we have anything to fear, so far as the farmer is concerned. I thank you, gentlemen.

Senator CRAWFORD. Mr. Chairman, Mr. Simmons, a gentleman whom I wish now to present, is a business man and an extensive land-owner, and during part of his long residence in South Dakota he has been engaged in actual farming. I think Mr. Simmons can contribute something substantial to the discussion in behalf of our people and I wish to present him to the committee.

**STATEMENT OF J. C. SIMMONS, OF ABERDEEN, S. DAK.**

The CHAIRMAN. What is your present occupation?

Mr. SIMMONS. I will state that I have lived in South Dakota for 29 years, and for 25 years of that time I was engaged in the banking

business, and during part of the time in agriculture—all the time as a landlord, and 10 years as an actual operator. I have not been engaged in the bank in an executive way for the last three years. I am now farming.

The CHAIRMAN. You may proceed with your statement.

Mr. SIMMONS. Prof. Chamberlain yesterday touched upon the point as to what effect the great immigration movement of the early eighties, into the West and Northwest, had upon the eastern farmer, both as to what he produced and the value of his land. I wish to refer to what effect that movement had upon the people who were largely responsible for it.

The immigration movement into the West and Northwest in the early eighties was the largest of its kind in character and volume which had taken place for many years in this country, and it brought about a condition in economic affairs that was not expected. The people found soon thereafter that they were running counter to the great law of supply and demand. When I went into that country in 1882 wheat in Minneapolis was selling in excess of \$1 a bushel. After we had been there a few years, and had developed the country and thrown our produce onto the market, in addition to what was already being raised, we found we had overproduced, and in the late eighties and early nineties we found that we had a very low market for everything that the farmers in the Northwest had to sell. We sold oats at 10 cents; barley at 18 cents; wheat went at 40 cents; flax, 65 cents; and the farmers in the corn-growing country burnt their corn because they could not find a market for it. Good horses sold at from \$40 to \$50; good cows at from \$7 to \$10; good steers at \$1.50 per 100; hogs, \$1.50 per 100; and sheep, \$1 a head; not living wages; not the cost of production.

The farmer in his distress cried out and asked the leaders what was the matter. Our statesmen and those leaders on economic questions told us we had simply violated the law of supply and demand; that we had overproduced; and that we could not expect any remedy unless one or two things took place—reduce the volume of production or wait until consumption grew apace with production.

In this condition of affairs we raised our voice and wailed out that while we were getting little for our products we were still compelled to pay high prices for what we purchased in a protected market, and asked that as to those articles we purchased the duty be reduced. Then our statesmen and leaders stepped in and said: "No; you must not ask for that. Your only salvation is to stay by the protection principle, build up the manufacturing and milling interests, and thereby increase the number of the consumers." We accepted that doctrine and we followed the leaders in that theory, and I think and say now that it was right; the logical end of it came; our volume, our scope of market increased, the number of consumers were increased, and also consumption over production.

Now, that is true in our section of the country, and it is equally true with the farming interests all over the country. Then the farmer came into his own, and for the last few years the farms of this country have prospered, and with the prosperity that came to the farmer likewise it has come to the artisan and to the man who lives in the congested milling, producing, and manufacturing centers.

But now, after having followed that very advice, following the leadership of the men who advocated the protective principle, like a clap of thunder out of a clear sky comes this measure that seeks to take away from the farmer every bit of his protection, except the single item of wool, and I understand that there is a measure pending to put that on the free list. In justice, in fairness, it is not right, and as a business proposition, in my judgment, it is radically wrong.

Notwithstanding I represent and come from a farming country where all of my interests in this world are wrapped up in the farming industry, I have this to say to you gentlemen, even though I stand alone, that my judgment dictates to me that if you are bound to have an experiment of some kind in this reciprocity proposition, if you want to try it as an experiment and you are bound to include the farmer in that experiment, then include him alone. Do not take in the milling and manufacturing interests, because if you include the farmer you lower his prices, and if you include and take in the milling and manufacturing centers you are going to destroy his market. Do not do both at the same time. Do not lower his prices and destroy his market. I am frank to say to you that if I am to judge anything by the rumblings that we hear in my section of the country, and which will continue with the passage of this bill on that question, I will probably stand with a hopeless minority, but I believe it is good, sound business sense.

Next to the raising of a good crop the next essential is selling it in the market that gives you good prices, and there is no market on earth—you can not go back into history and recall anything that compares in magnitude with the market of the United States, a market of 90,000,000 of intelligent people, all of whom, or the majority of whom, live well and have good wages and are good spenders. You can not find it anywhere else, and you are seeking by this bill to strike down the purchasing power of one-third the population of this country at one time. Do you think that you can destroy the purchasing power of a third of the people of these United States and still keep the manufacturers and the milling centers going? You can not do it. The railroads, first, on this side of the border will feel the effect of it. They will have the farmers' tonnage to haul out, but they will have to send empty cars into his section to do that hauling after a time. If they can not buy, you can not expect to haul the goods to them.

So I say to you, if you are going to try an experiment—as I understood some of our leaders to say that we will try it for a year or two, and if it has no value we can repeal it—if you are going to do that, just include one section of our people, for it is bound to have the farmer in it. But I believe it is poor judgment and poor business policy to do it. Remember that this much is true, that an act of Congress is the fiat of the Government; it is the law of the land, and we are bound to stand by it, but Congress can not pass a law that would work in contravention of the great law of supply and demand.

Now, there is another thing: I understand that it has been stated before this committee that Liverpool sets the price for American wheat. If that statement is true, and I deny its truth, then it does not matter a bit what tariff duty you have on wheat. The mere fact that Canada has an exportable surplus of about 60,000,000 bushels, Argentina the same, and Russia much greater, and India nearly as much, does not make any difference about a tariff wall. The mere fact of its existence at all should control the American wheat market.

Now, the wheat market of the world that Liverpool controls, no matter whether the wheat is at the seaboard or at a primary market in the country, is of equal value in any port, any primary market, in the world, less the difference in handling, transportation, and insurance charges. Now, if Liverpool controls the market or sets the price of the American market for wheat, we will take two points—the Winnipeg market, being based on the elevator at Fort William, and Fort Arthur, which is to the east of Duluth—then their prices should be the same. But I have not the figures for comparison with Duluth, because I do not think they will give them out; but we will take Minneapolis and Winnipeg.

Now, Minneapolis—and that is more favorable to the gentlemen who contend that Liverpool sets the price of wheat in this country, because the Minneapolis market is under the Duluth market ordinarily 1 cent to 1½ cents a bushel less than the figure as between Winnipeg and Duluth, but the Minneapolis market showed an average in excess of 10 cents a bushel higher at Minneapolis than it did at Winnipeg for the year 1910.

Again, will the gentleman who says that Liverpool sets the price of wheat in the American market tell me why it is that at Minneapolis—the greatest primary wheat market in this country, where seven months in a year its price ranges from 2 to 8 cents over Chicago, which is 400 miles nearer the Liverpool market. The latest quotations on that subject are based on the close of the market for Tuesday of this week. The September option at Chicago was 4 cents under Minneapolis—leaving the fractions off. The May option was 8 cents under the Minneapolis market. So you can see that on that point the Liverpool market has no bearing.

We have a domestic consumption. It is the great market within ourselves that I plead for. It is this great market that makes our prices, and it is for that market that I state to you that I would rather stand alone and be included in this pact and to leave the rest out that I take that position. It is our own market; it is our own consumption. It consumes all of the tremendous output, both agricultural and manufacturing. The United States alone consumes approximately 90 per cent of all the production of our people at the farms or in the factory, with the single exception of cotton, and of that great staple—and I believe that in a year we consumed about 40 per cent—it will average that, although the crop may be a minimum crop of little over 10,000,000 bales, or a maximum crop of a little over 13,000,000 bales.

Now, the United States by consuming practically 40 per cent of that great staple practically holds the price level, so that it usually gives to our cotton raisers a good margin of profit.

I have a little clipping which I want to read to you to show what effect this pact has upon the wheat prices. This little clipping I cut out of a great journal printed in the Northwest, namely, the Minneapolis Journal. That paper is very much in favor of this pact, but it had to admit at least one time, editorially, when driven to it by the different comments and questions of its contemporaries on the other side of the question, that the enactment or ratification of this treaty would injure the farmers for awhile, but it did not say how long that "while" would exist. Now, this clipping is of the market reports of that same paper. I can not give the date, as I have not it

here; but you will understand from the reading of it that it was the next day after the adjournment of the last Congress. It is only 20 lines, and I will read it to you [reading]:

Wheat prices soared up to heights to-day that the market has not seen in over two weeks. The advance in the near month of  $2\frac{1}{2}$  and  $2\frac{1}{4}$  cents was the biggest upward daily jump wheat has taken in months. The adjournment of the United States Senate without acting on the McCall bill was the cause of the sharp advance. The market declined  $15\frac{1}{4}$  cents largely on the prospects that the reciprocity treaty might be adopted. Now, that this bill is temporarily disposed of it was only natural that wheat should take a sharp upturn. The local mills were good buyers of wheat in the pit, and the firmer cash market made the future strong also. Shorts were forced to cover, and there was some speculative buying on the news from Washington.

That comes out of a journal that is very, very pronounced in its view that this treaty be ratified.

Some one may say to you, to eliminate the argument of the gentleman, that there may be a difference in the grade of wheat between Chicago and Minneapolis. I will say to you that it is not infrequent that the Chicago men go to Minneapolis and buy cash wheat and ship it to Chicago to fill their contract grades. The latest instance of that is this: During the present month the Chicago commission men have been at Minneapolis and buying Minneapolis wheat to fill their contract grades, because there was a little bit of a squeeze in the May option at Chicago; and they only ceased buying on Monday of this week, because they could not get the wheat into Chicago and get the same into the elevators in time to apply on the May contracts.

Gentlemen, we had a trade agreement with Canada at one time, and if I read aright, it was not advantageous and it was abrogated. In 1854, after entering into that trade relation with those people on the same basis, the balance in trade in our favor was, I read in the reports, \$8,000,000. At the abrogation of it, 12 years later, we had an adverse balance of \$30,000,000 against us. In the meantime, while our purchases had increased, what we sold to them had decreased from the initial year of its existence. Now, are you going to say, can anybody say, in view of the past, that this treaty is going to operate in any different way? It is true that Canada is our third best customer, but are you going to say that under the operation of this treaty, in view of the experience under the last one, that she will do any differently then than she is doing now?

Senator WILLIAMS. How many years of that period was during our War between the States?

Mr. SIMMONS. I am glad you asked that question, Senator, because the reply is all the years—all the years of our war were during that period. Of course, our imports have been increased on that theory, but should not our exports have been also?

Senator WILLIAMS. And our production was curtailed by it?

Mr. SIMMONS. Our production was curtailed at that time, that is very true.

Senator WILLIAMS. During that entire time the South bought nothing at all and sold nothing at all to Canada, did it?

Mr. SIMMONS. No, sir; I presume not.

Senator McCUMBER. Would that be far more than offset by the enormous increase of the productive capacity of Canada at this time?

Mr. SIMMONS. Yes, sir; that is true, Senator.

In view of those things, gentlemen, the case is that the farming interests who represent in this country such a vital interest, whose investment in this country is a little in excess of 25 per cent of the total national wealth, all of which is visible and subject to the eagle eye of the assessor who makes his annual visit, and not a dollar of it gets away. According to the last census report, it amounts to \$30,000,000,000.

In view of the fact that he adds to our national wealth nearly \$9,000,000,000 a year, it strikes me that when you deal him this blow that you are liable to upset the economic and fiscal policy that is pursued by our people at this time. This much I do know, that you can not disturb the trade relations of one part of the people to such an extent that this bill seeks to do without injuring them all. You can not curtail the purchasing power of one-third of the people without hurting the selling power of two-thirds of the people.

Senator WILLIAMS. One question before you finish. Do you think one-third of the American people are engaged in producing wheat, rye, and barley and the things that would come in from Canada?

Mr. SIMMONS. Not one-third; no, not one-third in that; that takes in all the agricultural development.

Senator WILLIAMS. It includes the entire agricultural development.

Mr. SIMMONS. It includes it all.

Senator WILLIAMS. Part raising rice, part cotton, part sugar, part corn, and part various things?

Mr. SIMMONS. Yes, sir.

Senator CRAWFORD. Mr. Chairman, I would like to have a word from Mr. Beebe, who is as well acquainted with general conditions in South Dakota as any man in it, although not given to public speaking; but he came here to protest against this treaty, and we would like to have a word from him.

#### STATEMENT OF MR. M. P. BEEBE, OF IPSWICH, N. DAK.

Mr. BEEBE. Gentlemen, I will say I am one of the early settlers of our new portion of South Dakota, coming out there in 1882-83 and entering into the banking business; and, as an illustration of the business of that country, I would say that I opened up the bank of Ipswich in 1884, with a capital of \$3,000. We now have in capital and undivided profits \$95,000. This is not said for the purpose of showing how the Bank of Ipswich has advanced, but only to show that had not the country prospered the Bank of Ipswich would have gone out of business. We have had a prosperous community, barring the few years, perhaps, along in 1890, when we sold our wheat in the neighborhood of 40 cents and our barley for 10 or 15 cents—oats and rye and other coarse grain in proportion.

As an illustration, I know when one party shipped a carload of 600 bushels of barley and got net returns of \$5. One of our customers shipped three carloads of hay, and he was indebted to the commission house after paying the freight and the commission. I mention this, for I am fearful should this free trade, or, rather, reciprocity agreement be ratified—

Senator WILLIAMS. When was that?

Mr. BEEBE. That was in 1890—I should say about in 1893 or 1894 or 1895—along in the early nineties.

Senator WILLIAMS. During and right after the panic?



Mr. BEEBE. During and right after the panic—following the panic; and what I am fearful of is, should this Canadian reciprocity bill become a law we are going to see like conditions.

Now, I must confess to coming here with purely a selfish motive on my part. Our interests are largely in lands, and we are more interested in the lands and farming than we are banking. I will cite one instance from Buffalo. Our correspondent says: "Our people are not slow to see the detriment which would come to your section of the country if this bill should become a law," and they are careful about investing. In other words, they do not care to send out any money to the Dakotas until this thing is settled.

Now, in the matter of farming, I have a farm that I operate, personally to be exact, of 1,560 acres. I have several thousand acres under cultivation by tenants, and I figure that my loss can not be less, if this bill should become a law, than \$25,000 per annum. I presume I could stand it; but think of the condition on the part of people from Iowa, Indiana, Wisconsin, and Michigan who have come and bought land on the strength of our past crops and prices, and have gone in debt. What would become of them in case the low prices which I have before mentioned should resume?

Senator WILLIAMS. You think you would suffer a loss of \$25,000?

Mr. BEEBE. Not less than \$25,000 per annum.

Senator WILLIAMS. And yet you could stand that?

Mr. BEEBE. I have about 35,000 acres of land in my family. I consider my wife and myself.

Senator WILLIAMS. It seems to me, if you are suffering at this rate, the more land you have the quicker you would go under and the more wholesale would be your suffering.

Mr. BEEBE. I will say, my land is paid for. I have not bought it on long-time payments, so I think I could worry through; but probably I would lose not less than \$25,000 per annum for the next 10 years. If there are any questions you gentlemen would like to ask, I would be very glad to answer them.

Senator McCUMBER. A man who bought any of that land at \$50 to \$60 an acre must make his income from that investment?

Mr. BEEBE. Surely.

Senator McCUMBER. And it is pretty hard for him to make that income from the investment at the price he paid for the land under the prices that we have been having.

Mr. BEEBE. Yes; that is true, Senator McCumber, because the value of those lands and the prices for which they were sold are in a great measure dependent upon the price which he was receiving at that time for his crop, and if by any law we now allow the country to be swamped with cheaper Canadian products, necessarily it will bring his products down, if not to the old low price of 1893 to 1897, at least it will bring them down to, maybe, 15 or 20 cents a bushel.

I thank you, gentlemen.

Senator SMOOT. On whose invitation did you come to Washington?

Mr. BEEBE. I attended the State convention at Aberdeen, and I was selected, with Mr. Parmalee, of our county, to attend. Mr. Parmalee could not leave, and I will say that it was a sacrifice for me to leave. It was at a time that I ought not to have been away from home.

Senator SMOOT. It was the farmer's convention?

Mr. BEEBE. The farmer's convention. It was not a large convention—probably not over a hundred in attendance. I should say there were more in attendance, but there were at least a hundred delegates present.

Senator SMOOT. Do you know of any circular that was sent out from New York asking you to call that convention?

Mr. BEEBE. No, sir; I do not; I never heard it intimated.

Senator SMOOT. It came direct from the farmers?

Mr. BEEBE. It came directly from the farmers, so far as I know.

Senator CRAWFORD. If the Senator from North Dakota will permit, Mr. Wenz knows all about the originating of that meeting, the calling of it, and can give the history of it to the committee. Mr. Wenz is a farmer from Brown County.

# **STATEMENT OF WILLIAM H. WENZ, OF BATH, BROWN COUNTY, S. DAK.**

The CHAIRMAN. Will you state your full name to the committee?

Mr. WENZ. William H. Wenz, of Bath, S. Dak.

The first start of our State meeting was made by Mr. Kreuger here, who called a mass meeting of farmers at the city of Groton. They had a meeting there and a committee was appointed to call a county meeting at the city of Aberdeen, and at the county meeting in the city of Aberdeen a committee of seven was named, of which six were farmers and one was an attorney, who was selected because he had more time to devote to looking after the business than any of the farmers had; and this committee of six farmers and one attorney called the State meeting. I was a member of that committee and personally know the facts.

Senator CRAWFORD. Mr. Chairman, our last speaker is one of the old residents, thoroughly familiar with the conditions, a landowner, experienced in farming, and is also a professional lawyer, Mr. W. H. Lyon, of Sioux Falls, S. Dak.

# **STATEMENT OF W. H. LYON, OF SIOUX FALLS, S. DAK.**

Mr. LYON. In behalf of the representatives here and the farmers of South Dakota, I wish to thank you for the careful and conscientious consideration you are giving to this important bill. It indicates clearly to our minds that the Senate is the only truly deliberative legislative body in the United States, and we feel confident that the welfare of all sections of our country is being carefully looked after by you, and that you will not be influenced by the clamor of an interested press or even covert threats of the application of the "big stick" from the other end of Pennsylvania Avenue in your deliberations upon this important question.

We realize the fact that many of you gentlemen are intimate friends and personal friends of President Taft, who seems to have set his heart upon the passage of this bill, and that many of you other gentlemen here are the leaders of the Democratic Party and naturally wish to obtain every possible political advantage from all the legislation enacted by Congress, but we feel, gentlemen, that all of you,

regardless of personal friendship for the President and regardless of your party affiliations, are all patriots, and that when it comes to the enactment of legislation vitally affecting the welfare of any considerable portion of the United States, you will all act regardless of party and regardless of personal friendship, and will not knowingly pass a bill likely to strike down the great agricultural industry of the United States or to impair its effectiveness or prosperity.

Senator WILLIAMS. One question right there.

Mr. LYON. Yes, sir.

Senator WILLIAMS. You are representing the agricultural interests. I understand, and you contend that your interest is interested in defeating this legislation?

Mr. LYON. Yes; the Senator is correct.

Senator WILLIAMS. Then, if you are here because you are interested in defeating it, is it any worse for the newspaper people to be here because they are interested in promoting it?

Mr. LYON. Possibly not.

Senator WILLIAMS. Is it any greater sin for them to come if they are interested than it is for you?

Mr. LYON. Well, possibly not, if they would only be frank enough to admit that they are favoring this pact for their own personal interests; if they would only admit that it would very decidedly clear the situation.

Senator WILLIAMS. Did you hear the argument of one of them the other day?

Mr. LYON. No; I did not.

Senator WILLIAMS. Was not the argument all based on the idea that the newspapers would get cheaper print paper?

Mr. LYON. No, I did not hear that, Senator, but I would like to have that generally understood among our people. It would clear up the situation very materially, because it has been something that our people at large did not understand.

Senator WILLIAMS. The point I am getting at is this: If you speak in a deprecating manner of the people who need news-print paper because they want it cheaper, and are interested in promoting this legislation, while you think it is perfectly right for you to attempt to defeat it because you are interested in defeating it, are you not both on the same footing?

Mr. LYON. Senator, I am willing to concede that we are; but we are frank enough to state why we are interested in this matter; but there is no newspaper in the United States, so far as I am aware, that has ever admitted that the reason it favored the passage of this act was in order to obtain cheaper print paper.

Senator WILLIAMS. Is there any newspaper which has made its advocacy of the free introduction of news-print paper upon any other ground than that it would make news-print paper cheaper?

Mr. LYON. No; I think not.

Senator WILLIAMS. Of course they have argued the other features of the case, and so have you.

Mr. LYON. I do not, of course, wish to get into any controversy with the Senator.

Senator WILLIAMS. I do not want any controversy; I just asked you that question. I did not desire any controversy. I merely

asked you to give me a frank reply to the question as to whether it is any worse for them to come for selfish interests than it is for you?

Mr. LYON. No; I will say frankly not; but I will say this, Senator: That in our country there has not been a single newspaper in our State favoring the passage of this bill but what has done so upon broad and patriotic grounds and, so far as I am aware, without a single admission that it was doing so principally, if not wholly, for its own financial welfare. We supposed that they were advocating the bill because they imagined it would benefit the farmers, and are pained now to learn that the newspaper fraternity expect to be the principal beneficiaries from the passage of this bill.

Senator WILLIAMS. One more question.

Mr. LYON. Yes.

Senator WILLIAMS. Notwithstanding your interest in it, or your fancied interest, or your general interest, you would not oppose the treaty if you thought it was for the general benefit of the people of the United States, whether it hurt you or not, would you?

Mr. LYON. That is a hard question.

Senator WILLIAMS. In other words, you pretend to be actuated by patriotic, broad motives?

Mr. LYON. I hope I am.

Senator WILLIAMS. On both sides?

Mr. LYON. I am not sure as to our attitude if our personal interests should conflict with the interest of the country at large. We ought, of course, to favor the general welfare of the whole people rather than our personal interests; but, of course, we do not always do so.

Senator WILLIAMS. You were charging the press with being actuated by broad and patriotic motives?

Mr. LYON. I believe it is now understood that their interest is personal rather than broad and patriotic.

Senator WILLIAMS. My question is whether all of us are not actuated by broad, patriotic motives in nearly everything we do. To a certain extent we certainly are—that is, to the extent of the capacity of weak human nature to overcome its own selfishness.

Senator McCUMBER. I just want to ask you a question in connection with that. Do you think the situation demands the punishment of about one-third of the population of the United States for the benefit of the two-thirds?

Mr. LYON. I do not think, Senator, that the other two-thirds will derive any benefit from the punishment of this one-third.

Senator McCUMBER. Are the conditions so much worse in the farming population that they need to get a benefit at his expense?

Mr. LYON. That has not been my observation, Senator.

Senator LODGE. You have no doubt the newspapers will be benefited?

Mr. LYON. I have some doubt about it.

Senator LODGE. It is the newspaper publishers I mean—not the advertisers or the readers.

Mr. LYON. I do have the most serious doubts as to whether they would benefit or not. I think the papers have been deceived in this matter, and that whether we get cheaper paper or not will depend upon the action of the Provinces, not the Canadian Government, in reducing their export duties upon it. I am not clear in regard to it. Congressman Martin went over this subject carefully in a speech in the House, and came to the conclusion, and it seemed to me that he

demonstrated it, that the newspapers were being handed a gold brick in this reciprocity measure, and that they did not receive any benefit before when the tariff upon wood pulp was reduced, and that it is doubtful whether they will receive any benefit after this reduction is made, but on that I do not profess to have any personal knowledge, and I did not come down here to argue or discuss that proposition.

Senator LA FOLLETTE. Do you think the packers and the millers and all of the northern transportation companies have been handed a "gold brick" in this reciprocity agreement?

Mr. LYON. Well, I hardly think they have, Senator. That is not my understanding of the situation. It does not seem to be Mr. James J. Hill's understanding of the situation, I take it, from the active manner in which he is endeavoring to facilitate the passage of this treaty.

The CHAIRMAN. Mr. Lyon, have you finished your remarks?

Mr. LYON. I have been branched off and diverted, and am afraid I might detain you past the lunch hour.

The CHAIRMAN. How much longer do you want—

Mr. LYON. It would depend. I want to have a few words with my friend, the Senator from Mississippi, before I get through.

The CHAIRMAN. Provided you are let alone?

Mr. LYON. I would like to have, if it is not asking too great indulgence, perhaps three-quarters of an hour. I would like to discuss the question from our northwestern standpoint, and shall not bother the committee with many statistics, but simply want to reason with you, gentlemen, as one man with another. I wish to go over the subject with special reference to the arguments advanced in favor of it by President Taft.

The CHAIRMAN. Do you prefer to go on this afternoon or Monday next?

Mr. LYON. My time is at your disposal.

The CHAIRMAN. It would not be easy to get a large number of the committee here this afternoon. Just as you prefer. We will try to suit your condition.

Mr. LYON. I will make my convenience suit the convenience of the committee.

The CHAIRMAN. I would advise, if you are going to stay in town, that you would have a better audience on Monday for hearing.

Mr. LYON. I do not mean to stay, but will remain until Monday.

The CHAIRMAN. If it is entirely convenient to you and your associates, the committee will stand adjourned until 10 o'clock Monday morning.

(Thereupon, at 1.05 o'clock p. m., the committee took an adjournment until 10 o'clock a. m. Monday, May 29, 1911.)

**MONDAY, MAY 29, 1911.**

**UNITED STATES SENATE,  
COMMITTEE ON FINANCE.  
WASHINGTON, D. C.**

The committee met at 10 o'clock a. m., Hon. Boies Penrose in the chair.

Present: Senators Penrose (chairman), Lodge, McCumber, Smoot, Gallinger, Clark, Heyburn, Bailey, Johnson.

The committee thereupon proceeded to the consideration of H. R. 4412, an act to promote reciprocal trade relations with the Dominion of Canada, and for other purposes.

The CHAIRMAN. The committee will come to order. If you are ready to go on, Mr. Chamberlain—

Mr. CHAMBERLAIN. Mr. Lyon, I think, was to finish this morning.

The CHAIRMAN. If you have finished, I would not open that question again. Is Mr. Lyon here?

Mr. CHAMBERLAIN. Yes.

The CHAIRMAN. Will you open your remarks, Mr. Lyon? We will not have many present this morning; some of them have meetings to attend elsewhere.

**STATEMENT OF MR. WILLIAM H. LYON, OF SIOUX FALLS,  
S. DAK.—Resumed.**

The CHAIRMAN. What is your name?

Mr. LYON. William H. Lyon.

The CHAIRMAN. Where do you reside?

Mr. LYON. At Sioux Falls, S. Dak.

The CHAIRMAN. What is your occupation?

Mr. LYON. I am an attorney. I was a member of the farmers' convention referred to in the previous examination of other parties, and was requested by them to come down here. I did so very reluctantly, I assure you, because I recognized the fact that you gentlemen have given this matter a great deal more attention than I have and are no doubt a great deal more familiar with all its details. I have given the subject considerable attention, so far as it affects our State and our particular portion of the Northwest, and if I am able to throw any light upon the situation, so far as it affects our portion of the country, I shall be pleased, indeed.

In this connection I would say that there was a platform or declaration of principles in the form of an address to the President and Congress of the United States adopted by the convention unanimously. I do not know whether it has been formally submitted to you gentlemen or not. If not, I would like to file it, so that you may know the attitude of our people in reference to these matters.

The CHAIRMAN. I think we have that, but you can file it, and if it is not duplicating the records it will be printed.

Mr. LYON. Very well. The people of my State, with practical unanimity, believe in the general principle of protection to all American industries. We are cheerfully paying an increased price for sugar for the protection of the beet and cane sugar producers in the United States. We are paying an increased price for rice, tobacco, peanuts, and other southern agricultural products for the benefit of the producers of those States. We do this gladly, not merely for patriotic reasons, but for the further reason that we recognize the fact that every acre of land that grows these products ceases to produce grain and corn in competition with us. If cotton could be protected, we would gladly favor it for the same reason, and we earnestly hope that the time will soon come when every pound of raw cotton grown in the United States will be manufactured at home and only the finished product will be sold abroad. We recognize the fact that anyone engaged in the production or manufacture of cotton must be fed from the products of our farms or yours.

With occasional lapses from virtue, the Northwest has been loyal to a protective tariff for 40 years. We have been told in bygone years that protection was of no benefit to us, and that was true, but we believed that the time would come when our manufacturing industries would so develop that food consumption would keep pace with food production and our farm products would find a home market at better prices than if sold abroad. That time has now practically arrived, and it is only in the last few years that we have received any direct benefit from the protective system which we have loyally supported for so many years, and it is with a feeling of bewildering sorrow that we realize that the very States whose industries we have helped protect from infancy to manhood are the very first to turn against us and endeavor to deprive us of the promised reward for which we have patiently waited for more than 40 years. We can hardly even believe the evidence of our own senses that we have been betrayed by those whom we have befriended during all these weary, waiting years, and it is with even greater sadness that we realize that President Taft, for whom we all have the highest personal regard, has aimed a fatal blow at the agricultural prosperity of the United States.

During the last campaign a great hue and cry was raised over the cost of living and the higher price of farm products. In the search for a scapegoat poor old tariff was found and mobbed and held for trial without a friend to go his bail. Before the excitement had subsided this treaty was negotiated with the avowed purpose of reducing prices. The inevitable recession, however, had begun, and prices now received by the grower of farm products are from 25 to 50 per cent below the market of six months ago. It therefore develops that poor old tariff had little, if anything, to do with it after all and, instead of advocating the treaty for the purpose of reducing the cost of living, it is now defended chiefly upon the ground that it will not reduce the prices obtained by the farmer, which are conceded to be less than he is entitled to receive.

The President stated in his recent banquet speech in New York City, "The effect is not going to lower, in my judgment, the specific prices of agricultural products in our country." If such will be the

result, then of what benefit will this treaty be to the ultimate consumer of the United States if it does not reduce the price of food and, therefore, the cost of living? Ninety per cent of the people of the United States favoring reciprocity do so because they have been led to believe that it will reduce the price of bread and meat. If they are mistaken in so believing, as the President now admits, then who remain as the chief beneficiaries of this treaty, except the newspapers, who want cheaper pulp; the brewers, who perhaps want cheaper barley, although I am frank to say that I have seen no account of the brewers making any effort to promote the adoption of the treaty; the millers, who want more grain to grind; and the Great Northern and other railroads, who want more freight to haul? Has not the President by this admission thrown into the discard his real reason for the negotiation of this treaty? Is he not in the position of the man who sat on the limb of a tree while sawing it off?

For more than five years past the price of Northern wheat at Minneapolis has averaged from 5 to 15 cents per bushel more than at Winnipeg. The price at Winnipeg, as you all know, is based upon delivery at Fort William port. From July 10, 1909, to January 28, 1911, the price of Northern wheat at Minneapolis averaged  $10\frac{1}{2}$  cents per bushel more than at Winnipeg. The expense of shipment from Minneapolis to Duluth is approximately  $1\frac{1}{2}$  cents per bushel, thus making a difference of about 12 cents per bushel between the prices at Duluth and Fort William, on opposite sides of the international line at the head of Lake Superior, and with equal freights to Liverpool. Can anything show more clearly that the price of our wheat is not determined by the Liverpool market, as has been repeatedly stated by the President? Not only that, but the Winnipeg grade is higher and the weight 2 pounds greater per bushel, and by reason of its better quality and higher grade the Winnipeg wheat sells at from 3 to 5 cents per bushel higher than our Northern wheat whenever they meet in the same market. There was, therefore, an average actual difference in the price of wheat for the 18 months immediately preceding the negotiation of this treaty of more than 15 cents a bushel in favor of the American farmer.

The average price paid for barley at Portal, N. Dak., on January 9 and 10, 1911, was 63 cents; at North Portal, just over the Canadian line, the price was 35 cents a bushel, a difference in our favor of 28 cents a bushel. At the same time there was an average difference in our favor of about 25 cents a bushel in the price of flax. With oats we have at present little if any advantage in the price, for the reason that our yield last year was about 125,000,000 bushels greater than the year before, thus making it necessary to export a considerable portion of our crop and thereby necessarily reducing the price to the world's level. In 1909, for a considerable portion of the year, our price of oats averaged considerably higher than the Canadian price, and more than 900,000 bushels were imported from Canada, paying a duty of 15 cents a bushel.

South Dakota in 1909 raised 47,588,000 bushels of wheat, 5,640,000 bushels of flax, 19,910,000 bushels of barley, and 43,500,000 bushels of oats. Canada being an exporting country, her prices are always at the world's level.

If the passage of this act will reduce the American price to the Canadian level, as we are absolutely certain will be the result, then



it requires only the simplest mathematical computation to show the enormous loss that will be sustained by the farmers of the Northwestern States. But, strange as it may seem, this price advantage, vital as it is to the welfare of our people, seldom reaches the ultimate consumer, and has only the slightest effect, if any, upon the price of a gallon of paint, a loaf of bread, or a glass of beer.

I venture the prediction that the Canadian wheat growers will eventually be bitterly disappointed at the result of the passage of a reciprocity act in case it is adopted. They have looked with longing eyes over the American border, believing that if they could break down the tariff wall they could obtain American prices for their products. But these prices are like the golden apples of mythology that turned to ashes when touched by forbidden hands, and so it will be with American prices when they are touched with the deluge of Canadian grain. When manufacturing becomes unprofitable the factory is closed and the workmen discharged. Not so with the farmer; he must continue to produce crops, even if he gets only 10 cents a bushel for oats, 15 cents for corn and barley, and 40 cents for wheat, as in the good old Cleveland days, when the sheriff was the only real estate agent still actively engaged in business.

Canadian reciprocity will produce disaster to the American farmer and with little eventual corresponding benefit to the Canadian wheat and oat raiser. There is such a thing as too much prosperity and too rapid development. Canada is increasing the world's supply of food faster than the world can use it, and the ultimate result, in my judgment, is bound to be disastrous to their growers of wheat and oats.

There is one proposition upon which we must all agree, for it is as stable as the universe. If unrestricted commerce prevails between two adjoining States or countries, their products must reach a common basis of value, for prices are like the ocean, they must always find a common level, based upon the markets of Winnipeg, Minneapolis, Chicago, or Liverpool. The passage of this measure must have some result, and it is too plain for argument that a difference of 10 to 15 cents a bushel on wheat and 25 to 28 cents on flax and barley on opposite sides of the international line, as existed while this treaty was being negotiated, can not continue after its adoption by both countries. The future price of grain must, therefore, be either the higher American price or the lower Canadian price, or a readjustment probably lower than either.

If the President is correct in his statement that our prices will not be reduced, then the Canadian prices must advance to the American level. If this should result, then of what advantage will it be to the people of the United States to advance the price of Canadian grain? What will be the effect upon Canadian emigration from the United States if the price of Canadian grain should advance to the American level? One hundred thousand of our sturdiest American farmers, with an average estimated wealth of at least \$1,000 per family, are settling in Canada every year notwithstanding the lower price of Canadian products. What a tremendous stimulus must be given Canada from such an advance in their grain prices.

Is it possible that the President of the United States is so anxious to populate Canada and to depopulate our own country that he will offer such inducements for our own flesh and blood to expatriate themselves forever?

The distinguished Senator from Mississippi, for whom I have the highest admiration and regard, inquired the other day if it was any disadvantage to a State to lose its population. I am sure that he could not have meant the question seriously. Our Northwestern and many Eastern and Southern States are annually spending large amounts of money for the purpose of increasing their population. Even Minnesota is spending thousands of dollars to repopulate her abandoned farms—abandoned by farmers who have emigrated to the great Canadian northwest.

If I am correctly informed, even the great State of Mississippi, as well as Texas and other Southern States, welcomes with open arms desirable immigrants from the North. Even that grand old State of Maine has demonstrated to the world its wonderful advantages as an agricultural and fruit-raising State. I spent 10 days with friends in Maine last summer and journeyed across the State. I was amazed at the cheapness and fertility of its land, its juicy grasses, its luscious sweet corn that always tops the market, its wonderful potato soil which yields the highest average of any State in the United States, and, greatest of all, its capacity for growing the finest and best-flavored apples in the world, and only a few hours distant from the great markets of the East. If I wished to farm, and raise stock and fruit, I know of no locality in the United States that offers greater inducements than the State of Maine.

Senator JOHNSON. Pardon me just a moment. You mentioned Maine, and of course I am interested. Do you know where we sell our apples—where our market is?

Mr. LYON. I do not; I am not a statistician; I am only a plain, old-fashioned country lawyer.

Senator GALLINGER. Where is it?

Senator JOHNSON. Liverpool.

Mr. LYON. I did not know that. They are good judges of apples.

Senator CLARK. Are your apples superior to the Oregon apples?

Senator JOHNSON. Oh, yes.

Senator CLARK. In flavor?

Mr. LYON. Yes; I think New England has the world beaten in the quality of its apples, and it was amazing to me to see how little its fruit industry had been developed.

Senator GALLINGER. That will be true when we give the same attention to fruit raising as they do in Oregon; but we have neglected it.

Mr. LYON. You plant your orchards and do not cultivate them. It is only recently that you began spraying them, but when you give them the same care as they receive in the West you will have the world beaten in the production of its finest fruit, in my humble opinion.

Senator McCUMBER. You may continue on that subject; there is no Oregon Senator here.

Mr. LYON. It is a recognized fact that every farmer has a productive and purchasing capacity of approximately \$1,000 a year, and yet we are losing thousands every year to Canada; and the President of the United States asks you to adopt a treaty, conceived in secret and without known parentage, which will still further encourage our best and most enterprising farmers to emigrate to Canada in-

stead of remaining to develop the undeveloped lands all over the United States.

The President has repeatedly stated that conditions were practically the same in Canada as in the United States and that Canada has no advantage over the American farmer, either in cheapness of land or labor or in fertility or productiveness of soil. Even if this were true, is that any reason why the Canadian farmer should be given free access to our markets and given the same advantage as American farmers? Is that any reason why Canadian products should be given free access to the markets of 90,000,000 of people, which have been built up at such a tremendous cost under the protective tariff system? Is that any reason why the Canadian farmer should have an equal share in all the material benefits received by our own people under the American flag and without any obligation to defend it when attacked by foreign foes? Is that the way in which the President proposes to encourage patriotism, by allowing the subjects of a foreign nation the same rights and privileges as our own citizens, who must support our country in times of peace and defend it in times of war?

But, unfortunately for the President, the recent report of the Tariff Board shows that the Canadian grain producer has the advantage over us in every particular, and the story is not half told by the Tariff Board. Even our own agricultural yearbooks do not set forth the advantages enjoyed by the grain growers of the great Canadian Northwest. The report of the Tariff Board shows only the general average difference in yields between Canada and the United States, and shows a Canadian advantage of 3.83 bushels of wheat, 0.89 bushel of oats, and 2.22 bushels of barley per acre. Our people are not interested in the general Canadian average. There are some portions of Canada not as productive as the United States. What we are interested in is the productive capacity of Saskatchewan and the great undeveloped Canadian Northwest. Even the Department of Agriculture, no doubt for patriotic reasons, fails to show the productiveness per acre of the great Saskatchewan country. It does, however, show the acreage and the yields, so that it is simply a problem in division to ascertain the yields per acre, which I have done. South Dakota in 1909 grew 14.1 bushels of wheat, 19.5 bushels of barley, and 30 bushels of oats per acre. Saskatchewan grew 23.4 bushels of wheat, 33.3 bushels of barley, 52.8 bushels of oats per acre; an advantage of 66 per cent on wheat, 74 per cent on barley, and 76 per cent on oats in favor of Saskatchewan. And yet the President says that the conditions are the same in Canada as in the United States.

And that is not all. The weight of their grain is heavier and the quality better. Their wheat will often weigh around 64 pounds per bushel, while ours seldom reaches more than 58.

Senator CLARK. In selling wheat, it is sold by the weight of the bushel, is it not?

Mr. LYON. Yes, sir

Senator HEYBURN. Is that estimate as to the yield per acre based upon weight or measure?

Mr. LYON. Weight, I presume; it does not say. I presume it is by weight. Their oats and barley are also much heavier and of better quality.

Senator McCUMBER. It should be stated right there, which it seems sometimes is not understood, that when the threshing is done in the fields it is threshed generally by weight; in other words, the elevator, the machine that elevates the grain, estimates it, and as soon as a bushel in weight, making some allowance for dirt and so forth, is dumped into the elevator it unloads itself.

Senator HEYBURN. I think that is true.

Senator McCUMBER. Therefore, in making their estimates they ordinarily take them under the threshing-machine weight rather than upon the actual measurements in bushels.

Senator HEYBURN. I think that is true of the large producers, but there is a class of farmers that thresh their own wheat in their own machines and put it in their own granaries, and they generally measure it by the bushel.

Senator McCUMBER. They use the very large threshing machines. The farmer seldom ever owns his own machine; that is, in the section that he is speaking of—Saskatchewan and North and South Dakota.

Senator CLARK. I think that all wheat for statistics is governed by the weight.

Senator McCUMBER. Yes.

Senator HEYBURN. Well, when the Government is making tests, as it has been doing for some years, measuring the land, and having the crop harvested especially for the purpose of determining the product, the wheat generally weighs about 60 pounds per bushel, but that product is, I think, measured. It is only a question of weight as it goes into the market.

Senator McCUMBER. After all, the estimate has to be made upon what it will be in the market in bushels.

Senator HEYBURN. I am rather curious to know the real fact.

Senator McCUMBER. I am speaking just of the section I am acquainted with, but not of Idaho and the western section.

Senator HEYBURN. I was wondering. The Government sent some men to supervise the cutting and threshing of 5 acres—and, I believe, that is the size of the tract of wheat—in the State of Washington, at Pullman. It was evident that it was an extraordinary crop of wheat and the Government wanted to know just how much it produced, and it produced 105 bushels to the acre, under Government supervision, which, of course, was a very rare occurrence. I do not know how that would be measured. I noticed that Mr. Lyon evidences astonishment at that product, but that is correct.

Mr. LYON. I was in Idaho—

Senator HEYBURN. That was in Washington?

Mr. LYON. Well, Pullman is in Idaho, I believe.

Senator HEYBURN. Pullman is in Washington, right on the line.

Mr. LYON. I have a friend there. I was there a year ago, and I observed the wonderful yields. You have a number of advantages over us. You do not grow weeds as we do. The climate seems to assist you in getting rid of the weeds, and your people have learned how to farm with excellent results.

Senator HEYBURN. That is rather commendable. It makes me feel pretty good.

Mr. LYON. I think the climate is of great assistance to you in that particular. It is even said that a horse used to Canadian oats feels defrauded when fed on the American product on this side of the line.

Senator HEYBURN. It depends upon where he gets it.

Mr. LYON. There is little doubt that Canadian barley, if given free access to the United States, will displace for brewing purposes a large part, if not the entire product of the Northwestern States and render it salable as feed barley only, at a little more than the price of oats. Canada, it is true, produced only 55,398,000 bushels of barley in 1909, while the United States produced 170,284 bushels.

Senator HEYBURN. You mean 170,000,000?

Mr. LYON. Did I not say millions?

Senator HEYBURN. You said thousands.

Mr. LYON. One hundred and seventy million two hundred and eighty-four thousand. That is because of the Canadian demand and the existing tariff wall. With that removed Canada could easily supply the entire barley market of the United States.

Before the imposition of the present tariff Ontario supplied a great portion of the brewing demand of the United States, and the present extensive barley industry of the Northwestern States is the direct result of the increased tariff against the Canadian product.

If Canada had reached the limit of its agricultural development, we would not resent so keenly the passage of this act, but we know that the present yield of the Canadian grains, although approximately one-third as much as grown in the United States, is only a drop in the bucket and can be increased until the pail is full. Let me read you the story of the increasing grain production in the Saskatchewan since 1898:

In 1898 Saskatchewan produced 4,780,000 bushels of wheat; in 1910 it produced 90,215,000; in 1898 it produced 1,589,000 bushels of oats; in 1909 it produced 105,455,000 bushels; in 1898 it produced 182,000 bushels of barley; in 1909 it produced 7,833,000. It produced no flax until 1902, then producing 153,000 bushels; in 1909 it produced 4,488,000 bushels.<sup>1</sup>

Senator HEYBURN. I would like to inquire now if you have made any investigation or have any facts as to the proportion of this increase that was produced by Americans or persons from this country who had gone over there?

Mr. LYON. I have no information upon that subject; but this production is a tremendous increase in 11 years and with only 12 per cent of the land in cultivation. So you can see what the possibilities are for this single Province.

Senator McCUMBER. What you mean is, there is only 12 per cent of the land that can be cultivated under cultivation, and not 12 per cent of the entire increase?

Mr. LYON. No; 12 per cent of the cultivatable land.

Prof. Chamberlain has told you something of the possibilities of future Canadian development. Let me read you a passage from the Canadian Yearbook for 1909:

Of the country which is known, the area capable of producing grain is 220,000,000 acres. The total area in crops last year was 11,257,870 acres, producing a total crop of 240,000,000 bushels. The unoccupied land in the future will produce at least 5,000,000,000 bushels. This is not the end. There is a great grain-producing country—the McKenzie Basin—which is capable of producing grain.

Is it possible that the President wishes to encourage our farmers in removing to Canada and compelling the remainder to remain here to struggle in vain against such a constantly increasing and overwhelming avalanche of Canadian grain? Is it not too plan for argu-

<sup>1</sup> These figures do not correspond with those in the U. S. Agricultural Yearbook.

ment that the present and rapidly increasing surplus of Canadian grain, if given free access to our markets, must necessarily reduce the American price to the world's level?

Last year, with a production of only 125,000,000 bushels of oats in excess of the previous year, the price was reduced to an export basis. If there should be no increase in the Canadian crop of oats, which in 1909 amounted to 375,558,000 bushels, about one-third the total oat crop of the United States, what must necessarily happen to the price of oats every year with such a crop ready to freely pass over the international line? With the diminishing demand for oats, by reason of the fact that automobiles are taking the place of city driving horses and motor trucks will soon drive city dray horses off the street and with traction engines likely soon to be in common use upon the farm, have not our oat producers trouble enough in store without facing the prospect of being swamped every year by a Canadian crop that can easily be increased to many times its present size? And when the price of oats and the prosperity of the oat producer in the Northwestern States is affected the same result will follow from Maine to the Carolinas and from Missouri to Texas.

The President said in his address to the corn growers in Ohio and Illinois that "corn is king" and can not be affected by free importation of Canadian grain. But every farmer knows, and some of you gentlemen must be cognizant of the fact, that corn is affected by the price of oats, and that an excessive crop of oats will reduce the price of corn; and this result is even more certain to follow if the importation of Canadian barley for brewing purposes makes it necessary, as we expect, to use the domestic products for feeding purposes only. A permanently diminishing demand for corn will affect the corn raisers of Nebraska, Illinois, and Missouri equally with the corn producers of Iowa and South Dakota. The prosperity of our States is linked together, and whatever affects the price of a staple product in South Dakota will have a similar effect throughout the entire United States wherever a similar crop is grown.

The President also advises the farmers, doubtless in view of the passage of the Canadian reciprocity bill, to raise less grain and grow more corn and feed more stock. We are now exporting meat. If we increase our surplus it must find a market abroad, in competition with the cheap meats of Mexico and Argentina. Is not this equivalent to advising us to "jump from the frying pan into the fire"? Why should we diminish our production of grain that our people can consume and increase our surplus of meats which must find a foreign market, simply for the purpose of making a place for Canadian grain?

The President also says that we need a source of food supply across our borders. But, if that time should ever come it will not be until all of us are dead and gone. Canada will not move away, but will still remain, raising grain, and will be glad to sell whenever future generations wish to buy. Is it possible that the President wishes to advertise to the world that the United States has reached its limit of grain production and must henceforth become dependent upon the outside world for its food supply? The old Malthusian doctrine that production of food increases in an arithmetical ratio while population increases in a geometrical ratio, and that eventually the human race must starve to death for lack of food, has been exploded.

Does not the President know that the production of grain in the United States can be more than doubled by scientific farming, and properly fertilizing the soil? Does he not know that we produce barely half the average yield of grain that is produced in England, France, and Germany? Does he not know that there is not a single farm or a single county or a single State in the United States that could not, in a single year, more than double its acreage and production of wheat if the demand required? Does he not know that barely 1 per cent of the cultivated land in the United States is annually utilized in the production of wheat? Does he not know that we can feed and house and warm and clothe from our own products, and from our own soil, 500,000,000 people, and then not be as thickly settled as some of the European States?

The President also says that we need the thin cattle of Canada for feeding purposes. If such is the case, it is passing strange that our people never found it out, and that the President was first to make the discovery. I have traveled somewhat in Canada, and all the cattle I saw were as thick as our own. The richest pastures in the world, I am told, are in the Canadian Northwest, where cattle will thrive out of doors all the year round and come out in the spring in as good condition as cattle in the Northern States which are fed and housed for six months in the year.

But even if we need these cattle, it is not necessary to pay the price of Canadian reciprocity to get them. You can simply repeal the tariff upon them, and you will see them coming across the border line by the thousands.

The President also says that the supposed reduction in the tariff upon Canadian lumber will be a boon to the farmers of the Northwest. You reduced the tariff upon lumber a few years ago from \$2 to \$1.25 per 1,000, but I have failed to find a single ultimate consumer who ever obtained any benefit from that reduction; but, on the contrary, the prices advanced. So we are praying to the good Lord to deliver us from any further reduction of the lumber tariff, if a similar increase in price is likely to result.

We do not ask for a reduction in the tariff on lumber or pulp wood or agricultural implements or any other products which can be produced in the United States with American labor sold at a reasonable margin of profit. If, however, you deem it wise to reduce the tariff on lumber, wood pulp, or any other product, do not, for Heaven's sake, pay such a price as Canadian reciprocity. You do not need to ask Canada's consent to reduce the price upon cattle, lumber, wood pulp, or any other product. Do not sacrifice the welfare of the farmers of the United States simply to obtain a slight reduction of the tariff upon a few particular items.

It is passing strange that the only possible benefit which even the President says may come from the adoption of this treaty could be obtained by a simple reduction of the tariff upon those particular items. Why should agriculture be prostrated for the ostensible excuse of giving us something for which we do not ask, and which we do not want, and which would be of little, if any, material advantage to us?

After all, the President's final reason for advocating Canadian reciprocity is that of good fellowship; they are our own flesh and blood, and live just across the road. The President is a jolly good

fellow himself, and loves to be generous. I suppose that is the reason why we are giving the Cubans a 20 per cent reduction in our sugar tariff, which has already amounted to more than \$80,000,000, equivalent to a direct appropriation of that amount from the National Treasury for their particular benefit. It may be all right to be a cosmopolite and love your enemies as well as your friends, and your neighbor's wife as well as your own, but I believe that reciprocity, like charity, should begin at home.

Senator HEYBURN. You speak of that Cuban sugar proposition and the \$80,000,000 worth of sugar?

Mr. LYON. No; I said duty. I meant to say reduction in duty.

Senator McCUMBER. You said duty.

Mr. LYON. I also believe that a man that does not first provide for his own household before squandering his substance upon his neighbors is worse than an infidel. I believe that a man should love his own wife and his own children better than any other fellow's wife and children, and his own town and State and country better than any other town, State, or country on earth. What has Canada ever done for us to entitle her to better treatment than other friendly nations? She fought us in our English wars and was almost ready to fight us over the recent Northwest boundary dispute. If we must reciprocate, why not with France, which helped us in severing our British bonds and gave us the immortal Lafayette? Canada is as loyal to the English King to-day as in Revolutionary days, and gives England a preferential reduction in duties and buys our goods only because of price, quality, and speedy delivery. If her people want the benefits of the great markets of the United States, which have been built up at such a cost, let them pull down the English flag and unfurl the Stars and Stripes, and we will not object, however great our financial loss and sacrifice may be.

I can not think that any member of this committee, from the bottom of my heart, believes that the passage of this act will materially benefit any considerable number of the people of the United States, but may cause untold disaster to the agricultural interests of many States.

Our country is prosperous beyond the wildest dreams of the fathers of the Republic. Labor is well employed and at much higher prices than is paid abroad. Prosperity is general throughout the land. Our trade balance with Canada is extremely satisfactory and our trade balance with the outside world for 10 months of the current fiscal year is in the neighborhood of \$500,000,000. Why jeopardize present prosperity with future disaster, or even with uncertainty? Why not let well enough alone?

In an old English churchyard there is a grave with this inscription upon the moss-grown tomb:

I was well; I wished to be better; I took physic (medicine); and here I am.

He was not content to let well enough alone.

I thank you, gentleman.

The CHAIRMAN. Senator Crawford, have you anyone else you desire to address the committee?

Senator CRAWFORD. Not to any great extent, Mr. Chairman. We have a farmer here who comes a long distance and who simply wants to utter a word of protest against the bill. I present Mr. McKinney, of Bradley, S. Dak.



**STATEMENT OF JAMES D. McKENNA, OF BRADLEY, S. DAK.**

The CHAIRMAN. You may state your full name.

Mr. McKENNA. My name is James D. McKenna, and I reside at Bradley, S. Dak.

The CHAIRMAN. What is your business?

Mr. McKENNA. Farming.

The CHAIRMAN. You may proceed.

Mr. McKENNA. Mr. Chairman and gentlemen of the committee, I just wish to offer a protest in regard to this proposed pact with Canada.

I am a Canadian, Mr. Chairman. I emigrated to South Dakota, or what was Dakota Territory, in 1885. At that time the young Canadians were coming out of Canada by the hundreds and coming to the United States. We used to meet at schoolhouses, we used to meet at our town on Saturday afternoons—gather together in bunches of 25 to 50—and discuss the problem, "Will we go to the Canadian northwest or will we go to the United States?" And many of us decided to come to the United States for the simple reason that we would have the market of so many more millions of people to sell our product to, and we are here. But we would not have been here to-day if this kind of law had existed between the United States and Canada, and I wish to protest against its enactment at this time. Do not make any mistake, gentlemen, for I tell you the farmers of the Northwest, almost to a man, are opposed to it. That is the fact.

I thank you, gentlemen. I simply wished to enter my protest against the passage of the bill.

Senator CRAWFORD. Mr. Chairman, Mr. Chamberlain has just a brief statement that he wishes to add to what he has already said.

**ADDITIONAL STATEMENT OF A. E. CHAMBERLAIN, OF  
BROOKINGS, S. DAK.**

Mr. CHAMBERLAIN. Mr. Chairman, I will be as brief as possible because the committee has been more than courteous and kind.

The CHAIRMAN. There are several gentlemen from the Pacific coast on the lumber proposition who desire to be heard this morning.

Mr. CHAMBERLAIN. I will be as brief as possible. I would not have appeared this morning except for the fact that Senator McCumber desired me to be here to answer some questions.

But there are two or three things that I want to mention before he asks the questions.

The question, I see, has been raised why, when the Northwest Provinces of Canada have been known of so long, has the movement of immigration and the development been so slow? If you will look up that charter of the Canadian Pacific Railway Co. to which I referred the other day, you will find that when it was granted they were granted the exclusive rights to operate a railroad in that country within a distance, I think, of 20 miles on each side of their line—I am sure it was 20 miles, and it may have been more. That right was exclusive for a period of, as I remember it, 20 years; I think I am absolutely correct in that.

I have been unable to find anything to verify it; probably the Senator can. But it is a fact that no other railroad could build

within a certain number of miles, which, I think, was 20, of their line of railroad for 20 years. They went through, as all of those lines must, north of Lake Superior, and over a mountainous country, a country through which they had to build their highways by the use of dynamite much of the way, and the result was that they had an absolute monopoly of transportation in that country, and the settler could not get accommodations, no matter what any person wanted to do for him, except along the lines of the Canadian Pacific, which were very limited at that time.

Now, there is something more, and I do not know that it has been brought out. The Canadian Pacific Railway not only operates in Canada, but I think something like 1,200 or 1,300 miles in this country. They have a direct line through Winnipeg into North Dakota and into Minnesota, and from there on out by the Soo, taking in northern Wisconsin, Minnesota, and the northern peninsula of Michigan and North Dakota.

Something else, Mr. Chairman. That road operates through the country that contains probably the greatest supply of ties, telephone poles, telegraph poles, and paving-block timber on this continent. Canada's supply of that material is in northern Ontario, but northern Ontario has not any considerable supply of building lumber. The building lumber of Canada is in the Rocky Mountains, just the same as it is, so far as the northern part of our country is concerned, in the United States.

Now, Mr. Chairman, this stuff that is close to the line, that the railroad companies want, comes into this country free under the provisions of this bill; but there is practically not a foot of building material put within the reach of the farmer to any advantage, so far as the duty is concerned, under the bill. Maybe I make that too strong. Under the bill the farmer can not get a foot of building material free of duty.

Now, I will explain to you why. The dressing of lumber on one side reduces the weight of the lumber about 10 per cent. It depends a little upon the condition of the lumber, the thickness of the lumber, but on the average the dressing of lumber on one side reduces the weight 10 per cent. The weight of 1,000 feet of lumber is from 2,000 to 2,500 pounds, unless it be flooring. That may be a little less if it is of a light lumber, but if it is a heavy lumber it will not be less. The freight rate on lumber from the coast to Minneapolis is in the neighborhood of 50 cents per 100. I have asked for the figures and they will probably be here before I get through—50 cents per 100 pounds. That makes \$10 per 1,000 feet. If you plane it and reduce the weight one-tenth, you reduce the freight \$1. The discrimination between undressed lumber and dressed lumber on one side in this bill is only 50 cents. The farmer and no other man can afford to ship undressed lumber from the building-lumber fields of Canada under this bill. He will be losing 50 cents per 1,000.

Besides that, Mr. Chairman, the consumer in our country has not a planing mill at his door. I know of but very few planing mills in my State where you can have a board dressed on one side by machinery. If they want to bring in the undressed lumber under this bill, they must load it and unload it, and have it dressed and loaded back again and have it reshipped, an impractical proposition. This lumber proposition is not worth 1 cent to the people of this country

under the free section of this bill. The reduction of the present rate of duty may be of some advantage. If it is a material reduction, it probably will be.

This Government is divided up into a number of departments. Three weeks ago I was in Montana. I have traveled over that State considerably, and I found there millions of feet of lumber tied up by one department of this Government and taken out of competition in the open market. Why? To conserve our lumber supply; that is the reason that is given. I came down here to find the same Government asking this Senate to put up a tariff wall against Canadian lumber. Why? It is not to conserve our lumber, is it? It is so that the lumberman can sell more lumber, so as to give them the exclusive market and dispose of our lumber faster. That is the consistency between tying it up for us with one hand, withdrawing it to conserve it, and shutting out lumber from a foreign market that we might use with the other hand to force the consumption of our own lumber, if you please.

Now, Mr. Chairman, the protection on lumber is not a protection of labor to any material extent. I do not know what the amount of labor involved in manufacturing lumber is—that is, the labor cost of cutting and sawing lumber—but it is mighty small. It is not over \$2.10 per 1,000 the way they manufacture it now. The duty on lumber is not for the protection of labor, and never was, to a man who has studied the subject. It is for the protection of something else.

Senator HEYBURN. What is it?

Mr. CHAMBERLAIN. It is for the protection of the capital involved and the combinations engaged in the business.

Senator HEYBURN. That is rather a diversion on your part.

Mr. CHAMBERLAIN. That is true, Senator; I apologize.

Senator HEYBURN. Well, you do not need to apologize, but what I want to know is whether or not you come here as an advocate of free lumber?

Mr. CHAMBERLAIN. Of free lumber?

Senator HEYBURN. Yes.

Mr. CHAMBERLAIN. If everything else is free I think it is just.

Senator HEYBURN. If there is a duty on wheat, why should there not be a duty on lumber?

Mr. CHAMBERLAIN. If it is necessary, there should be.

Senator HEYBURN. Is it necessary?

Mr. CHAMBERLAIN. I do not think so; and I know that it is not consistent with the policy of conservation of our lumber supply.

Senator HEYBURN. How is it as to the doctrine of protection? Is it consistent with the doctrine of protection or a protective tariff?

Mr. CHAMBERLAIN. To a limited amount; yes, sir.

Senator HEYBURN. Why do you limit it?

Mr. CHAMBERLAIN. Because of the small amount of the cost of the lumber that goes to labor and the policy of protection of the product, is to protect the labor.

Senator HEYBURN. Do you not know that the largest pay roll of the largest industry in the United States is in lumber?

Mr. CHAMBERLAIN. That is probably true. The largest business is lumber.

Senator HEYBURN. I say the largest pay roll for wages.

Mr. CHAMBERLAIN. Is not the product greater, too? I do not intend to ask the Senator a question, but to answer that question thoroughly we would have to compare the pay roll for labor with the gross value of the product and get the percentage of the value of the product that was paid to labor.

Senator HEYBURN. Do I understand you now, without exception, to stand for free lumber?

Mr. CHAMBERLAIN. Yes, sir; if this bill goes through.

Senator HEYBURN. Then do you expect the men who are interested in the production of lumber, and the prosperity of the country and its produce, to support you in your opposition to free wheat?

Mr. CHAMBERLAIN. I am not here to argue any technical or political propositions. I am simply here as a witness.

Senator HEYBURN. I merely ask you if you expect that these people would give you a very hearty support in favor of a duty on wheat?

Mr. CHAMBERLAIN. No, sir; I am not taking that position. I am not here to trim my sails. I am here to state what I believe to be the facts. If we would quit playing politics in some of these questions I think it would be better.

Senator HEYBURN. We hear lots of that in the newspapers; but we are here in a responsible position.

Mr. CHAMBERLAIN. I appreciate that.

Senator HEYBURN. We must express ourselves candidly. I have listened with a great deal of interest to your remarks in regard to the necessity for protecting the farmer against competition in the production of wheat.

Mr. CHAMBERLAIN. Yes, sir.

Senator HEYBURN. And you confined your remarks very largely to what you call the Northwest, but which is really the Mississippi Valley.

Mr. CHAMBERLAIN. Yes, sir.

Senator HEYBURN. Halfway between the East and West.

Mr. CHAMBERLAIN. Yes, sir.

Senator HEYBURN. Now, you have started in to say why the duty on lumber is unjust.

Mr. CHAMBERLAIN. No, sir; it is not necessarily, Senator. I have not finished my proposition, if you will permit me.

Senator HEYBURN. You will be followed by the representatives of the lumber business in the real Northwest, and I want them—as they are present here in this room—to hear and heed your position in regard to their interests, so that they may make up their minds with regard to yourself.

Mr. CHAMBERLAIN. Senator, let me explain one reason why I am as strong on that proposition as I am. I saw with my own eyes, and held in my own hands, in the lumber office of the Quall Lumber Co. in Miner County, S. Dak., where my farm was, and when I was buying lumber in considerable quantities—I held in my own hands and read with my own eyes a book, issued by the headquarters somewhere to the agent telling him in what town I should buy my lumber, and which man in the town I should buy it of; and I say, when that condition exists, and it did exist for years in the Northwest, I do not know that it does now—this was about six years ago, and it

existed there when we were building that State up, and we built it up under that condition—that I do not see any excuse for the Government protecting an industry that robs the people in that way.

Senator HEYBURN. Do you not know that very much more than one-half of the lumber of the country is produced in small mills entirely outside of the large mills?

Mr. CHAMBERLAIN. That does not affect the position of the retail dealer or the farmer. I was in Somers, a little town at the head of Flathead Lake, in a big mill, last week, and they are retailing lumber at \$12 per 1,000 that costs us from \$23 to \$25.

Senator HEYBURN. Do you think those men who are selling at \$12 per 1,000 ought to be thrown into competition with the Canadian producer?

Mr. CHAMBERLAIN. If we can not get the lumber to the farmer at a reasonable price; yes, sir. If we can get it to the farmer in competition; no, sir.

Senator HEYBURN. What stands between you and that mill that prevents you from getting the lumber to the farmer?

Mr. CHAMBERLAIN. In the first place it is the railroad company and in the second place the retailer, and also the wholesaler, and you can not get away from it.

Let me give you another instance. Mr. Richard F. Lyon, of Carthage, S. Dak., about 1906, wanted to build an elevator. He made out his bill for the lumber—and you can get the gentleman here if you want him, and also the agent—he made out his bill of lumber. He took it to three or four local lumbermen, one in Carthage, where he was going to build, and one in Howard, the county seat. I can not give the names now, but I probably can before I get through; or I will give it to you before I leave the city. He did not mark on the bill that it was for an elevator. He has a large farm just outside of town and needed a big barn, and they thought he was going to build a barn.

They gave him the prices on his lumber bill. He submitted it to four different concerns—I knew the other two at the time—and when they had put in their figures the local fellow, of course, expected to get the bill; the trade belonged to him. If he did not get it, the other fellows had to hand him the profit, anyhow. So there was not much competition. When they got through the local fellow went and asked Mr. Lyon if he could furnish him the lumber. Mr. Lyon said "No"—he is a business man and has been all his life. "Why not?" he said. "I can buy it cheaper and ship it in, and I am not going to pay you," I think he said, "\$8 per 1,000 more than I can buy it for." The agent said: "Is that to build an elevator?" He said: "Certainly." The agent said: "Well, I did not know that; I can give you another price." He quoted the price on that lumber at \$6 per \$1,000, and I think it was \$8 less, because it was to go into an elevator instead of a farmer's barn.

Senator HEYBURN. It is the retail dealer that you seem to have a complaint against?

Mr. CHAMBERLAIN. It is the prices at which the lumber reaches the farmer that I am complaining about. I do not care who is involved, whether the retailer or the railroad company or the wholesaler. I am here for the farmer.

Senator HEYBURN. How would the taking off of the duty on lumber affect that or cure it?

Mr. CHAMBERLAIN. It gives the farmer of that country a chance to buy in an open market. It gives the independent lumber dealer a chance to buy in the open market.

Senator HEYBURN. You say he can buy it at \$14 at the big mills?

Mr. CHAMBERLAIN. \$12 was the price at Flathead.

Senator HEYBURN. Then why does he need to go to Canada to buy it? Why does the middleman go to Canada to buy if he can buy it at that price—and you admit that that is not an excessive price?

Mr. CHAMBERLAIN. \$12—the wholesaler does not need to go to Canada. But you figure your freight—

Senator HEYBURN. How would the duty affect the freight?

Mr. CHAMBERLAIN. The duty probably would not affect the freight. The duty would not affect the freight if all the mills were on one line, but I do not know that there is a combination of freight rates between the Canadian Pacific and the Soo and the Great Northern and the Northern Pacific; I do not know that there is between the Great Northern and the Northern Pacific, but I know that they are managed from one headquarters. So I do not suppose there is very keen competition. I do not know, but I think there will be competition between the Canadian Northern and the Grand Trunk Pacific and the American roads for that freight, and I think we will stand some show to get our lumber where I live in my State at a little less than twice what it sells for at the mills.

Senator HEYBURN. By reason of the removal of the duty?

Mr. CHAMBERLAIN. By reason of throwing some lumber into competition.

Senator HEYBURN. You think the American lumber producer ought to be forced into competition with the Canadian lumber producer?

Mr. CHAMBERLAIN. If the American farmer is thrown in competition with the Canadian farmer, yes.

Senator HEYBURN. That is hardly consistent with your position with regard to wheat, is it?

Mr. CHAMBERLAIN. Yes, sir; it is consistent. My proposition is this: That one American citizen is just as good as another. I am that kind of a Democrat, that no man or class of men should be heard here to his advantage at the expense of any other American citizen.

Senator HEYBURN. Now, harmonize that, please, with your suggestion that you think wheat should be protected and lumber should not be.

Senator McCUMBER. That was not his statement. His last statement was if the wheat was free, lumber should be.

Senator GALLINGER. That was not his statement a little while ago—

Mr. CHAMBERLAIN. No; that was not my statement.

Senator HEYBURN. He said distinctly that wheat ought to be protected and lumber ought not.

Mr. CHAMBERLAIN. Let me carry that a little further. It has been said here in this argument that the consumer was entitled to free bread. If any man is entitled to anything, maybe he is, but if there is another man that is entitled to consideration, it is the man who

furnishes the consumer with bread, is it not? That is the farmer. He is entitled to as much consideration. The consumer could not consume the bread if the farmer did not provide it, and he is entitled to consideration and must be considered if the consumer is to have bread to eat—if it is American bread. Bread is not the only staff of life. Meat is as much so as bread, and meat is to be protected by this bill.

Another proposition, in our country, if you please. Bread and meat are not the only staffs of life. Lumber is one. We must have houses to live in and barns to keep our live stock in, if we grow it. Lumber is one of the staffs of life in the Dakotas and Minnesota, just as much as wheat, oats, and barley. We can not get along without it. In addition to that, clothing is a staff of life in this country. We have laws in our country that provide that even the best of society can not go without clothing. They must wear it in all grades of society. It is a staff of life and a necessity of life, just as much so as bread.

Senator HEYBURN. You think all these things ought to be free?

Mr. CHAMBERLAIN. I think they should, if the farmer's product is.

Senator HEYBURN. That is a different proposition.

Mr. CHAMBERLAIN. I will answer your question directly. I do not think that clothing should be free entirely. I do not believe in free trade entirely in this country, but I believe, as a distinguished Senator said a while ago, that there could be some little saving made in the expenses of this Government, and that the tariff ought to be sufficient to raise enough money to pay those expenses, and it should be levied from the standpoint of protection, so far as that will afford protection—protection, Senator, to infant industries, not to the fellows who are choking the life out of us.

Senator HEYBURN. Well, the production of lumber and the production of wheat are infant industries with every crop every year, are they not?

Mr. CHAMBERLAIN. Every industry is an infant within the meaning of the term as long as it needs the protection to make a reasonable profit, but not when it makes an exorbitant profit. You will find an instance of this in one of the great corporations of this country not more than three years ago. Their profits on the year's business were more than the total sum paid to labor. When protection enables a concern to do that it ceases to be an infant industry. The net profits of the United States Steel Corporation not over three or four years ago, as reported in the press, were greater than the total amount they paid for labor.

Senator HEYBURN. You have made a very excellent presentation of the wheat proposition, and of the farmer's relation to this proposed legislation, and I regret to see you enter upon an attack on the other industries, inasmuch as those industries, each of them, depend upon the prosperity of the people upon whom you depend.

Mr. CHAMBERLAIN. Yes, sir.

Senator HEYBURN. And you are attacking the steel industry and you have already attacked the lumber industry.

Mr. CHAMBERLAIN. Only by way of illustration.

Senator HEYBURN. Well, illustration or otherwise, you go down the line that way, and I am afraid you will stand in the position of the old man who had the daily habit at breakfast of saying: "God

bless me and my wife, my son John and his wife; us four and no more. Amen."

**Mr. CHAMBERLAIN.** Let me ask you a question. Have the farmers of the States in the section of the United States that we represent, or have I as a resident of those States, ever said—and there are a good many men of the opposite political party from my State present—have we, any of us, ever said anything from which it could be inferred that we were not willing to bear our share of the tariff burden provided we received our share of consideration through protection—our reasonable share? Maybe we were asking too much, but have we ever complained of bearing a reasonable share of the expenses of this Government, whether you collected it by tariff or any other manner, as long as we received our fair amount of consideration? We never have.

**Mr. CHAMBERLAIN.** And we never will. Now, Mr. Chairman, since I have been speaking the clerk of this committee, who phoned to the Interstate Commerce Commission for the rates on lumber, has laid a note on my table giving the rates from Seattle to Minneapolis as from 45 to 50 cents per 1,000 pounds for different grades of lumber, verifying my statement that at 50 cents per 1,000 no man could afford to ship undressed lumber from the lumber field to the farmer, or even to Minneapolis, or even half that far. So that free lumber is a joker.

Now, one thing further—and I may be wandering a little. I desire to say a word now as to the advantage of this bill in reducing the cost of living. Last fall, by decree from a department of this Government, a large section of my State and the State of North Dakota was tied up; I mean by that, we had a large section of those States that had been settled within two years, owing to the opening of new reservations. Those settlers had lost a crop because of an unfavorable season, an extreme drought. They found themselves in the position that to get through the winter they must make proofs on their land, commute their proofs and borrow some money on the land. When they submitted this proof—I think it was nearly a million acres, was it not, Senator McCumber?

**Senator McCUMBER.** I am not just certain about that.

**Mr. CHAMBERLAIN.** Something like that was withdrawn by the conservation department because of a suspicion that it was underlaid with coal. I am not complaining of that particularly. Our governor and the congressional delegation, I think, of North Dakota, or some of them, made a trip down here and succeeded, as I understand—and the Senator from North Dakota will correct me if I am wrong—in getting the department to allow the settler to make proof for the surface, but reserving the coal underlying. Is that not correct, Senator?

**Senator McCUMBER.** They first got a provision through that absolutely protected the farmer in both coal and surface two years ago unless the Government was able to establish at the time of the proof that the land was more valuable for mineral purposes than it was for agricultural purposes, and inasmuch as the Government never would be able to establish that, it was equivalent in every instance to giving the farmer not only everything above his land, but everything below it. A year ago, while I was absent from the Senate, and in the hospital, that bill was amended, which provided again for the



surface title, and I am perfectly willing to say that had I been in the Senate at that time, we would have been talking yet before it would ever have been touched.

Mr. CHAMBERLAIN. This ruling withdrew it and you finally got the land office to permit proof as to the surface title, but reserving the coal. Is that correct?

Senator McCUMBER. That is correct. It is not only correct, but it is wrong.

Mr. CHAMBERLAIN. Yes, sir; it is wrong in principle. Now along comes this bill, and I want to ask if this would reduce the cost of living in this country? Along comes this bill and the advocates boast that they have provided by the terms of the bill a much larger field for bituminous coal in the lower Provinces by procuring a reduction of the duty on coal going into Canada—bituminous coal. Does that reduce the cost of living to the American consumer?

Something more. If the reduction of the duty on meats coming in from Canada at from  $2\frac{1}{2}$  to  $2\frac{1}{4}$  cents to  $1\frac{1}{4}$  cents will result in the reduction of the cost of living, would it not result further, if it was taken off entirely, and does anyone think for a minute that the Canadian Government would object to our doing that? The meat product would not be the only thing that passes under this bill at discriminating duties going different ways. There is a schedule in which duties are different coming this way from those going the other way, and another in which they are higher going the other way.

Senator McCUMBER. I want to ask a question or two, because I think you are well able to answer them. In relation to the imminency of any danger of the great supply in the Northwest of farm products in the future, and whether or not at the present time we are absolutely, as farmers, receiving a benefit at the present tariff rate? Now, it is denied, and emphatically denied by a great many reasonably intelligent men that we are getting any benefit from the tariff on our wheat, oats, barley, and flax, but that our price is fixed by the Liverpool price. Now, as that is a most important question under the present conditions, and as the future supply of Canada will be a still greater question, and more important in the near future, I would like to have you touch upon both of those propositions in your argument.

Mr. CHAMBERLAIN. Mr. Chairman, first I will take up the proposition of the benefit the farmer receives from the duty. I am not going to argue it, but will refer you to some history.

The prices of all kinds of grains for the past three years, or longer than that if you want to go back, is a matter of record. There have been times when there was not any material difference, but not within the last two or three years for any length of time. The prices of those grains are a matter of record. The prices at which the market of every grade of grain closes every day is within the reach of the committee. I have not got it at hand now, but I have seen it. The price of grain in the Minneapolis and Duluth Boards of Trade is a matter of record, and I did not bring this matter up, because I feel that it is almost an imposition upon this committee to do so, but I know that there has been an average difference for a good many months between the price of No. 1 hard wheat in Winnipeg and No. 1 hard wheat in Minneapolis of about  $8\frac{1}{2}$  cents a bushel.

I believe that a 10-cent duty on wheat coming this way—a 12½-cent duty at the outside—would be as absolute and perfect and complete a protection to our farmers as 25 cents per bushel. I do not think any reduction in the duty on oats could be made without hitting our farmers, because we import a good many oats at the present rate of duty. They have a better quality of oats, as I said to you the other day.

Now, then, if you will take barley as an illustration. I want to give you some statistics on barley, taken from the Congressional Record of May 28, 1909, inserted in the Record by Senator McCumber. I find, of North Dakota. I do not know whether I should present that or not, when the figures were inserted by a member of this committee.

Senator McCUMBER. I think it will do no harm.

Mr. CHAMBERLAIN. Of barley we produced in 1895—I will give the round numbers—61,000,000 bushels; in 1896, 87,000,000 bushels; in 1897, 69,000,000 bushels; in 1898, 66,000,000 bushels; in 1899, 55,000,000 bushels; in 1900, 58,000,000 bushels; in 1901, 109,000,000 bushels; in 1902, 134,000,000 bushels; in 1903, 131,000,000 bushels; in 1904, 139,000,000 bushels; in 1905, 136,000,000 bushels; in 1906, 178,000,000 bushels; in 1907, 153,000,000 bushels; in 1908, 166,000,000, so that since 1895 our production has grown from about 65,000,000 to 166,000,000 bushels.

The same is true of the other products. I want to put into the record, if I touch upon this at all, the imports of barley, because during the fore part of this period barley came into this country at 30 per cent ad valorem. I want to show the difference in the imports of barley between the time when there was 30 per cent duty and at this time under the present rate of duty. In 1895 we imported 2,174,000 bushels, worth \$152,000.

Senator McCUMBER. Was there an ad valorem duty at that time?

Mr. CHAMBERLAIN. Yes, sir. In 1896, 826,000 bushels, worth \$321,000; in 1897, 1,254,000 bushels, worth \$388,000; in 1898, about the time the McKinley tariff bill went into effect, 114,000 bushels—it dropped from 1,254,000 bushels to 114,000 bushels—worth \$40,000.

Senator HEYBURN. The tariff was 25 cents a bushel?

Mr. CHAMBERLAIN. Thirty cents a bushel; this gives 30 cents.

Senator HEYBURN. I may be mistaken.

Mr. CHAMBERLAIN. In 1899, 110,000 bushels, worth \$53,000; in 1900, 161,000 bushels, worth \$78,000; in 1901, 178,000 bushels, worth \$87,000; in 1902, 57,000 bushels, worth \$33,000; in 1903, 59,000 bushels, worth \$28,000; in 1904, 88,000 bushels, worth \$44,000; in 1905, 79,000 bushels, worth \$38,000; in 1906, 19,000 bushels, worth \$10,000; in 1907, 11,000 bushels, worth \$6,000.

Senator HEYBURN. Protection was getting its work in there.

Mr. CHAMBERLAIN. Yes sir. In other words, with a protective tariff of 30 cents a bushel instead of 30 per cent, we have reduced the importation from an average of nearly a million bushels a year to 11,000 bushels in 1907, the last year I have statistics for.

Just a word more on this barley proposition, and I will give way. In 1897 South Dakota produced 2,182,000 bushels of barley; in 1898, 2,284,000 bushels; in 1899, 2,400,000 bushels; in 1900, 1,500,000 bushels—I will not take the time to give all of them—in 1901, 6,500,000 bushels; in 1902, 8,900,000 bushels; in 1903, 10,600,000 bushels; in 1904, 9,700,000 bushels; in 1905, 9,900,000 bushels; in

1906, 22,900,000; in 1907, 20,125,000; in 1908, 24,500,000. Does that look as if we are going to run short of barley? That is one State. Take North Dakota; I will give the first three years.

Senator HEYBURN. It looks as if the removal of the competition to some extent stimulated the industry.

Mr. CHAMBERLAIN. Yes, sir; it did. I will take North Dakota for the three years 1897, 1898, 1899, and the last three. In 1897 North Dakota produced 4,600,000 bushels; in 1898, 5,200,000; in 1899, 2,400,000; and the next year—1900—1,500,000. Now, turning to the other end of the table, in 1905 North Dakota produced 19,300,000 bushels; in 1906, 15,800,000; in 1907, 15,600,000; in 1908, 18,300,000. Her production has grown from about 5,000,000 to 15,000,000 or 20,000,000 bushels of barley a year.

I will take Minnesota. In 1908 Minnesota produced 32,500,000 bushels; in 1907, 22,600,000; in 1906, 31,500,000. Taking the other three years, in 1899, 8,100,000 bushels; in 1898, 9,100,000; in 1897, 9,200,000.

Wisconsin is the other great barley State. I might put the three years in. In 1897, 7,800,000 bushels; in 1898, 7,500,000; in 1899, 7,600,000; in 1906 Wisconsin produced 22,300,000 bushels; in 1907, 18,400,000; in 1908, 24,700,000. So I do not think there is any fear of our running out of barley.

I might say to the committee that our production of wheat, corn, oats, and flax has increased in the same ratio as the production of barley, or nearly so.

Senator McCUMBER. What is the value of the barley, comparing its value when there was only 10 cents a bushel import duty, or 30 per cent ad valorem, and when there is 30 cents a bushel import duty?

Mr. CHAMBERLAIN. I believe the farm price is given in this same table—not 1908, but for the three years. I will give the three years 1905, 1906, 1907, and the last three years. In 1907 the farm price of barley in Wisconsin was 75 cents; in Minnesota, 67 cents; North Dakota, 58 cents; South Dakota, 61 cents. The high price of barley in Wisconsin is owing considerably to the fact that they grow a better bred barley. Barley is the most peculiar grain we have so far as quality is concerned, you might almost say technically; the quality enters into the selling price. There is nearly always a spread of 20 cents a bushel in the quotation of barley on the market. For instance, it is quoted at from 67 to 85 cents, from 50 to 72 cents, and that is owing to the quality, which is in one sense a technical matter.

Senator HEYBURN. I suppose the freight enters into it?

Mr. CHAMBERLAIN. The freight makes a little difference, but it is a matter of the quality more than anything else. Wisconsin has better barley, because her agricultural college, in advance of any other college in this country, took up the study of barley and taught her farmers how to grow it and take care of it. But they were following in the footsteps of Canada, but 25 years behind, and we have not started yet in our State. Wisconsin is the leader in that line of work. That accounts very largely for the high price of barley in Wisconsin. In 1906 the farm price in Wisconsin was 45 cents; in Minnesota, 35 cents; in North Dakota, 33 cents; in South Dakota, 32 cents.

Senator McCUMBER. You say it is 1906 or 1896?

Mr. CHAMBERLAIN. No; 1906. In 1905, 41 cents in Wisconsin, 32 cents in Minnesota, 30 cents in North Dakota, 30 cents in South

Dakota. I will turn back. In 1897 the farm price in Wisconsin was 32 cents; 1897—as far back as the table goes—Minnesota, 24 cents; North Dakota, 27 cents; South Dakota, 22 cents. In 1898, Wisconsin, 40 cents; Minnesota, 33 cents; North Dakota, 29 cents; South Dakota, 27 cents. In 1899, about the time we took our start in the barley industry, Wisconsin, 40 cents; Minnesota, 31 cents; South Dakota, 29 cents; North Dakota, 33 cents.

Senator McCUMBER. I want to ask you this on the wheat question: Have you kept account of the difference between the Winnipeg or Port Arthur or Fort William prices and the Minneapolis and Duluth prices of the same grade for several years last past?

Mr. CHAMBERLAIN. I will say to you, Senator, that there is no such thing as the same grade between those markets.

Senator McCUMBER. Or similar grades.

Mr. CHAMBERLAIN. To a man who understands wheat there is not what you could call a similar grade. I will explain that. There is first quality of wheat—

Senator McCUMBER. The difference is in favor of Canada?

Mr. CHAMBERLAIN. Canada requires a higher grade. Canadian No. 1 wheat must run 60 pounds to the bushel; the corresponding grade in our country calls for 58 pounds to the bushel. Now, then, for the last two or three years, and certainly for the last year and a half, the average difference between the price of their 60-pound wheat in Winnipeg—or the Winnipeg price, which means Port Arthur and Fort William—the difference between the Winnipeg price of their 60-pound wheat and the Minneapolis price of our 58-pound wheat has averaged about 8½ cents in our favor.

Senator McCUMBER. I want to bring that right to a head. Is not the Canadian No. 2 northern approximately the same as our American No. 1 northern?

Mr. CHAMBERLAIN. It is nearer so than the Canadian No. 1.

Senator McCUMBER. Therefore, we could add about 3 cents to the American price for the same character of grain and make about 11 cents difference?

Mr. CHAMBERLAIN. Well, Senator, I would not like to commit myself to 3 cents; I would add from 1½ to 2 cents.

I think, as near as we can get at it, that our No. 1 Northern pretty nearly splits between their No. 1 and No. 2. I think our No. 1 Northern is a little better than their No. 2, but not as good as their No. 1.

Senator McCUMBER. Now, let us see whether or not; assuming that to be the case, 8 to 10 cents would be a sufficient protection. In arriving at that conclusion, you assume, do you not, that the purchaser on this side of the imported wheat pays the whole tariff; that is, he pays the 10 or 11 cents difference?

Mr. CHAMBERLAIN. But he deducts it from the price he pays the Canadian farmer.

Senator McCUMBER. Has not your investigation of the whole tariff question led you to believe that this is the case? That in the ordinary importations, the export seller loses about half and the importing purchaser about half, and, therefore, if that was the case, a 20-cent tariff would cause a benefit of only about 10 cents, whereas our 25 per cent tariff has so far given us an advantage of only about 12½ per cent?

Mr. CHAMBERLAIN. I think not, Senator. I do not believe I can agree with you on that proposition. I am not a tariff expert.

Senator McCUMBER. You assume that the purchaser, practically, always pays the full tariff in addition to the cost of the goods on the other side, and that the exporter of these goods into this country therefore loses nothing?

Mr. CHAMBERLAIN. Loses nothing. I will tell you the reason for my position. The No. 1 wheat in Canada, in the farmer's bin, or anywhere else, is worth what it will command if he ships it to Liverpool. That is the value of that wheat. He does not sell it to the American for importation for any less than that. Therefore, I say that the Canadian farmer does not pay any part of the duty collected by the American Government on wheat brought into this country from Canada. The American must pay what the wheat is worth in the market he has. Then the result is that the importer must add to it the tariff that he pays on it plus a profit on the wheat.

Senator McCUMBER. Assuming, then, that our price is 10 cents a bushel greater than the Liverpool price.

Mr. CHAMBERLAIN. Yes, sir.

Senator McCUMBER. The farmers, then, would receive simply 10 cents a bushel profit?

Mr. CHAMBERLAIN. I would not say greater than the Liverpool price, either—greater than the value of the wheat in Canada for exportation to Liverpool.

Senator McCUMBER. That is the same thing—less the cost of transportation.

Mr. CHAMBERLAIN. I would say so, yes.

Senator McCUMBER. Then if the demand in this country was practically equivalent to the production in this country, so that we could get the full benefit of the tariff, then if we had 20 cents or 25 cents a bushel tariff we would receive 20 cents or 25 cents a bushel more?

Mr. CHAMBERLAIN. Yes, sir.

Senator McCUMBER. Are we not very rapidly approaching the condition in which our consumption will overtake our production at the present rate of increase?

Mr. CHAMBERLAIN. Let me call your attention to this. In 1905 we actually imported into this country and paid duty on 2,698,000 bushels of wheat.

The demand was greater than the supply. Now, let me explain something else. I have looked that up pretty carefully. The crop that year was sufficient if the exportation the year before had been normal, but conditions were such the year before that the exportation of 1904 was abnormal. The farmer did not hold in his bins the quantity of wheat he usually held, and there was a greater demand in 1905 than usual and the 1905 crop was not more than normal. If we had held back some of our exportation the year before—the year before we exported 120,000,000 bushels, and, in fact, in 1905 we exported more than we imported by nearly 40,000,000 bushels, but there were local situations at different places, and probably if you would trace it up probably Minneapolis was one of them. They had to have some of that Canadian wheat and they had to pay the duty on that 2,000,000 bushels. So that we are rapidly approaching the time, as the Senator says, and we have about reached the time when there is a

home market for all our wheat in this country. From 1894 to 1898, five years, we exported 32 per cent of our wheat; 1899 to 1903, 31 per cent; 1904 to 1908, five years, only 17 per cent of our crop.

Senator McCUMBER. And if we should have a shortage of crop, so we would have nothing to export, then our imports would immediately go up to the full amount of our tariff wall.

Mr. CHAMBERLAIN. To the full amount of our tariff wall.

Senator McCUMBER. And when we would have a short crop just at the time we should have the most money for it and ought to have the protection.

Mr. CHAMBERLAIN. Yes, that is true, too; that is absolutely true.

Senator McCUMBER. I wanted to ask you just one other question. You stated in your argument on Saturday that if this bill is passed it would result in the admission of a large quantity of free wool. Would you be willing to explain that a little in detail?

Mr. CHAMBERLAIN. Why, certainly, Senator; and I think that is where North Dakota and Montana and Minnesota will derive a benefit from this bill, and I will explain that. If this bill becomes a law the Canadian sheep men can drive their sheep across the boundary to shear, and they are probably shrewd enough to do it; and if this bill becomes a law I take it that you will have on the north line of your State sheep-shearing stations, just as they had in the new country in an earlier day, where the Canadians will drive their sheep down there and shear them. The tariff on wool, if I am correct—I did not come here to make a general tariff argument—the present tariff on that grade of wool coming into this country is 12½ cents a pound. The Canadian sheep, even range sheep, will clip nearly 6 pounds each.

Senator McCUMBER. I think the tariff is 11 cents, if I remember.

Mr. CHAMBERLAIN. Eleven cents. Let it appear 11 cents a pound in the record. The Canadian sheep will clip an average of about 6 pounds of wool. Now, that means 66 cents to drive them over the line and clip them and drive them back again. He comes in clothed, but he goes out naked and becomes an instrument of transportation, and it can be done, and it will be done, because there is money in it, and we have enough Americans up there to know and discover when there is money in it. We have 500,000 of them up there. They can drive those sheep—they could ship them on the trains, but I do not think they will do that—a considerable distance and shear them and ship them back again and make money if that bill becomes a law; but there is another proposition in that now. The wool is not a matter of consumption, in the form it is taken from the sheep; it is in cloth. There is no proposition here to offset that in any way.

Senator McCUMBER. You have traveled over that northwest a great deal?

Mr. CHAMBERLAIN. Yes, sir.

Senator McCUMBER. And you know considerable, undoubtedly, about that Canadian Northwest—Manitoba, Saskatchewan, Alberta, and British Columbia?

Mr. CHAMBERLAIN. I know nothing of British Columbia from contact. I never was in British Columbia.

Senator McCUMBER. You know about the others?

Mr. CHAMBERLAIN. Yes, sir; something of them.

Senator McCUMBER. What do you say of the possibilities, either from observation or statistics, in the matter of production of wheat in the Provinces of Manitoba, Saskatchewan, and Alberta?

Mr. CHAMBERLAIN. May I refer to one of these articles I prepared?

Senator McCUMBER. Yes, sir.

Mr. CHAMBERLAIN. I can get at it more quickly by reading merely a clause of this. It is my own, and so it is simply saving time. It is an article I wrote for the Dakota Farmer, a farm paper in our State, discussing this matter of shipping in wheat, under the sub-head, "Will this occur? Manitoba, Saskatchewan, and Alberta had 3,000,000 more acres of wheat in 1910 than in 1904, and produced 120,000,000 bushels more than in 1900."

That is taken from the Yearbook, if I remember correctly, of the International Encyclopedia. In other words, their increase for 1900 was nearly equal to one-fifth of our total crop in 1910. "These Provinces will probably break up 1,500,000 acres more this year."

And I want to say that the estimate of the minister for Alberta and of Mr. Fielding, I think it was, is still higher than that.

"These Provinces will probably break up 1,500,000 acres this year, and they can continue to break up as much virgin soil each season for 80 years, and still have more unbroken land that is adapted to the production of wheat, oats, and barley than the United States had acres of wheat last year."

That is absolutely true. Gentlemen, you can step to a map of the United States and take a pair of dividers and place one leg or one toe on Minneapolis, place the other toe at the southeastern corner of Tennessee—I say Tennessee because Tennessee and Oklahoma, I think, are our most southern States that produced a surplus of wheat; I do not think Texas does, unless within the last year or two. Now, that covers a big area. From Minneapolis to Tennessee is our entire wheat field, except a little on the coast. Now, turn it around to the Northwest and set it down, the leg from Tennessee, keeping the other on Minneapolis, and you have not reached the northern boundary of the wheat field by 500 miles; you have not reached their best wheat fields by 300 miles, the Peace River Valley. And I want to just read a quotation from the address of ex-Speaker Cannon on this bill in the House, where he quotes the agricultural commissioner.

I want to read a quotation from George Harcourt, minister of agriculture for the Province of Alberta, in 1909. He made this report, Speaker Cannon says: "Of the country which is known, the area capable of producing grain is 220,000,000 acres."

He is referring to the three Provinces.

"Two hundred and twenty million acres. The total area in crops last year was 11,267,870 acres." Now, remember, 11,000,000 out of 220,000,000 capable of being put in cultivation.

Senator McCUMBER. One twentieth in cultivation?

Mr. CHAMBERLAIN. One-twentieth, "producing a total crop of 240,000,000 bushels," says Mr. Harcourt. "The unoccupied land in the future will produce at least 5,000,000,000 bushels. This is not the end. There is a great northern country, the McKenzie Basin, which is capable of producing grain." That is taken from the Canadian Yearbook, and I want to say that those people up there,

her officials, are not given to exaggerated statements, and from what I have read and from what I know, I believe that statement is absolutely correct; and I want to say further that two lines of railway are building into that very country at the rate of four or five hundred miles a year, bringing it within the reach of the settler and affording a market for the crop when it is produced.

**Senator McCUMBER.** Now, of course, the vast proportion, or large proportion, of all this grain raised in the Northwest must be exported to some country, must it not?

**Mr. CHAMBERLAIN.** Up there?

**Senator McCUMBER.** Yes. Canada can not take it. It has got to be exported?

**Mr. CHAMBERLAIN.** It has got to be exported.

**Senator McCUMBER.** Then, is not the logical and the only conclusion that with that vast area, with its immense possibilities, coupled with the fact that its products must be exported, that it stands there as a club against the American farmer ever receiving anything more for his grain than what we call the level of the world's prices?

**Mr. CHAMBERLAIN.** The only thing that will save the American farmer, if this bill becomes effective, will be that the Almighty destroys that crop; that is the only thing that can save him.

**Senator McCUMBER.** Then in from 50 to 80 or 100 years it means that the farmers of the Northwest will never get the price for their products greater than the world's market?

**Mr. CHAMBERLAIN.** Absolutely, Senator.

**Senator McCUMBER.** And we lose the benefit of the American market, because the moment that we get a price above the market of the world, here is this surplus of Canada to rush in and drive it down.

**Mr. CHAMBERLAIN.** Yes, sir; and that surplus is so great that it will not result even in raising the price of the Canadian wheat. We come down to the Liverpool level, both of us.

**Senator McCUMBER.** And then the point I wanted to make is that even though there should not be a bushel exported into this country, still the fact of its being there for export, and no tariff wall between us, would result in constantly and eternally keeping ours down?

**Mr. CHAMBERLAIN.** Absolutely. It can not do anything else that I can see.

Gentlemen, if there is nothing further, I want to thank this committee—I believe I am the last speaker—both on my own behalf and in behalf of those with me, for the good hearing we have had:

**Senator CRAWFORD.** Mr. Chairman, that closes the hearing of our people, and I think that the remarks of Mr. Chamberlain show that there has been no collusion between the great lumber industry of the country and the farmers of South Dakota on this question.

**Th CHAIRMAN.** There are several gentlemen here present, representing the lumber industry of the Pacific coast, who are to have a hearing this morning at the request of Senator Heyburn. Are your people here, Senator Heyburn?

**Senator HEYBURN.** They are here, and Col. Griggs will be spokesman for the committee which is here, and will introduce the gentlemen as he sees fit.

**Mr. DROMGOOLE.** Mr. Chairman, may I ask for a few moments of time later on, after those gentlemen get through?

**Senator HEYBURN.** After they get through.



**STATEMENT OF EVERETT G. GRIGGS, OF TACOMA, WASH.**

The CHAIRMAN. Col. Griggs, state your full name to the committee.

Mr. GRIGGS. I would like to correct the title a little, Mr. Chairman, if you please.

The CHAIRMAN. Make the statement as general as you wish, Mr. Griggs.

Mr. GRIGGS. My name is Everett G. Griggs.

The CHAIRMAN. Where do you reside?

Mr. GRIGGS. Tacoma, Wash.

The CHAIRMAN. What is your business?

Mr. GRIGGS. Lumber business.

The CHAIRMAN. Will you proceed with your statement to the committee?

Mr. GRIGGS. Mr. Chairman, our delegation, which has just attended the national association gathered in Chicago, were fortunately so situated that we could come directly to Washington with men who are intimately connected with the business. The men who constitute this delegation, who will present the condition of our business affairs, will be Mr. Bloedel, of Bellingham, Wash., who has been in the business 18 or 20 years, and John McMaster, who will talk on the shingle industry.

I have been identified for 20 years with the lumber business in Tacoma, Wash., and have been recently in attendance at the national association. I have become more or less familiar with the situation as it will be affected by this reciprocity in other districts. You will understand that on the coast we feel we are but a small "neck of the woods" out there; but we manufacture in the State of Washington something like 4,400,000,000 feet of lumber—probably the greatest State in the manufacture of lumber.

The gentleman who has preceded me, I understand, represents the farmers. I have felt that what you gentlemen want here are statistics and facts from the business interests of the country, and particularly from our country, because the peculiar lack of knowledge because of distance seems to me very conspicuous, and particularly with the men who appeared before you. It surprises me to hear the farmers talk as they do. I say, for heaven's sake save the farmer—he is our greatest asset in the lumber business—and do not do anything that will in any way rob him of purchasing power.

The condition on the coast, if I may speak of it in a general way, with regard to the lumber situation—I have been familiar with it for 20 years, as I say, and our company went to the West and developed and invested in the country with the idea of developing this industry, as the timber industries of the Middle West and the South were depleted. We were probably the first mill in Tacoma to ship lumber East. They have been manufacturing on the west coast for some 40 years, and California has been the great market.

As to the export condition as it is to-day, we, when it comes to the matter of reciprocity, feel on the coast that we should have something that is reciprocal; otherwise, leave us as we are. We have to recognize the fact that the British Columbia timber is handled on a different basis than the American owners' timber. We have a question of taxation and fire risk and all these details with which you

are familiar. I noticed in the proceedings of this committee that excellent facts have been placed before you, and I do not think repetition is needed on my part. In attending this national convention I felt that our own industry on the coast should be represented by men who knew their business, who were able to talk on it and to present facts in connection with our own operations, and to that end I took some pictures of our own operations. We started operating there with oxen some 20 years ago, and I have played every part of the game in the mill and in the logging camp, and I felt I could talk to the other lumber manufacturers in the country in regard to our own conditions. As I stated before, we commenced with oxen and we are now operating with flying machines. Probably every machine that is known, every device to economize labor, is indulged in by the manufacturer on the Pacific coast. The farmer in the Middle West hardly appreciates, I think, what it means—what the prosperity of the State of Washington and the State of Oregon means to him. Two or three years ago we had a committee from our association that appeared in a freight-rate fight with the railroads. We were successful in a measure in winning our fight, and I prepared statistics at that time, together with some of the gentlemen who were interested with me, in presenting the facts, showing what our State of Washington imported from these various States of the Middle West, showing how interrelated we are in their prosperity; and, as I remember it, there was something like \$26,000,000 worth of stuff that we imported into the State of Washington, and we shipped out \$20,000,000 worth of stuff.

We say: "Protect the farmer; save him." If there is any argument that we can put up, we want you to save him. This same farmer is probably the hardest man to deal with when it comes to buying lumber of the different grades, and I have nothing to say about them because I do not come in contact with them directly. Our company has 18 yards in the State of Washington, which is the nearest to the mill end of the business, and I believe I have seen evidence in California where there are strings of yards there, and we ship to the main ports and to San Pedro. On a recent trip that I made through the yards of California I found that the farmer himself would not take a board with a knot in it. He did not want it even on the inside of the plastering, and is simply absurd with regard to character of stock that he uses. We want our clear stock to go into the panels such as on that door, and we want him to use the lower grade stock on the inside where it does not show; and that is our problem on the coast to-day.

We cut timber from 50 to 300,000 feet to the acre, and the pictures—if the gentlemen would like to see them, and I would be glad to circulate them around—show the actual logging conditions on the coast and what it means to us when you remove the duty and put us into competition with more lumber from our immediate north. The mills that Mr. Bloedel operates are within 20 miles of British Columbia. I am continually in competition with British Columbia mills in the export market; and until the British Columbia people got a rail-shipping business of their own and their own territorial limits and their own lands began to be developed, and farmers through our country began to go over there, they did not have a rail business that would take care of their capacity.

To-day they have it, and because of this Vancouver, just north of us, has the biggest boom on it it ever had. They can go on and in six months or a year develop an industry in British Columbia. We have 90,000,000 of people to serve; they have 8,000,000 or 9,000,000, and we are marking time, because we can not find a market for our entire output.

The only relation between the manufacturers on the coast and the Eastern market is the law of supply and demand. We make lumber out there and can give you lumber for a hundred years to take care of your requirements. You have got to pay in the Middle West more than you paid 20 years ago, because we have our freight rates on the railroads.

Senator McCUMBER. You say you can supply the demand for a hundred years?

Mr. GRIGGS. I think so, with British Columbia and Mexico.

Senator McCUMBER. Does that mean, then, that the lumber tracts in the Northwest and Washington will be exhausted at the end of a hundred years? Is that what I understand you to mean?

Mr. GRIGGS. That is about what I mean. I can not say about what the law of development will bring about, whether we can grow lumber, with some system of taxation and practical conservation methods.

Senator McCUMBER. I want to say right here, as a kind of a defense of the farmer, if you can convince the farmer that the great lumber tracts of the country are inexhaustable, that you can go right on producing lumber year after year indefinitely, I do not think you will find a farmer in the country that would not be in favor of good, honest protection to your industry; and there is the only line on which they may differ with you and the Senator from Idaho, who is zealous in behalf of both you and the farmer.

Mr. GRIGGS. I can add this: That if we could take about 500 farmers and get them out through our country they would appreciate what the waste is to-day, and if you increase that waste then it means that those of us who have to operate will leave more or less in the woods.

Senator McCUMBER. What the farmer is afraid of is just the thing that you rather indicate—that in a very few years, comparatively, in the life of the country there will be no timber in the country left; and that is why he is generally a pretty strong conservator.

Mr. GRIGGS. I appreciate the conservation idea, because I think you must appreciate we have a group of trees out in our country which it has taken 400 or 500 years to grow—giants of the forest that we drop.

Senator McCUMBER. And which will never grow again.

Mr. GRIGGS. Which will never grow again; and when we take four logs out of these trees, because that is all we can sell—because the low-grade stock is not saleable to the farmers, and we can not reach the elevator men. The elevator condition that Mr. Chamberlain spoke of is probably this: I have sold lumber at \$4 a thousand within a month for elevator cribbing. It is stained lumber, lumber that nobody would look at five years ago; lumber that lies one piece on the other and is used for building elevator cribs. You can buy it for a song. Four dollars does not mean one-half the cost of the lumber. It is velvet to me if I can find a market for it, and that is what we want to do with timber in our country in the West. The State of

Washington has over 200,000,000,000, and the State of Oregon over 300,000,000,000 of feet of lumber, from estimates which have been made. You know how estimates have been made and how estimates have been amplified by cruising.

We did not consider hemlock 15 or 20 years ago, but we have to consider it to-day, if you throw us in competition with the better grade of lumber from the north, say British Columbia. They can cut, as we can cut, a certain grade of the better portion of the logs and sell it in the export market; that is, speaking for the mills in the coast and cargo trade. That amounts to about 400,000,000 feet of lumber in good years, when Africa, Australia, and the islands take more or less of our stuff, and China, too.

Senator HEYBURN. You do not include the 200,000,000 acres of the forest reserve, Mr. Griggs?

Mr. GRIGGS. No, sir.

Senator HEYBURN. So that is in addition to the 200,000,000 acres in the forest reserve?

Mr. GRIGGS. We consider that the Government has got more timber than any of us; that when talking for ourselves we are talking for the Government, because I believe that is what it will result in; and I believe you hardly appreciate in the Middle West our great market in California, which takes a billion and a half or a billion and a quarter of our lumber. As I stated, we commenced on the coast with the idea of developing the eastern trade on the railroads, when conditions warranted us in shipping into this country. Our capacity was based on two-thirds of it to go by rail, because we were men from the East and knew more or less of this business.

California people would not take No. 2 quality; they wanted No. 1; they wanted flooring 16 to 32 feet long. That has all changed in the last 5 or 10 years, and we feel that taxation has been increasing in a wonderful proportion, the taxation on timber land showing in cases 100 to 300 per cent increase. We have got to look after the interests assigned to us as managers of the corporations in the development of our great West; and our development means so much to this whole central portion of the country and, in fact, the whole United States, that you can not afford to ignore that "neck of the woods."

We feel, sometimes, when you talk of the extravagant prices that have been advanced—I bought two carloads of horses here recently at the Minnesota transfer, and those horses cost me apiece, on the coast, after shipping them out in palace cars to get them there quick, \$275. Ten years ago my people would have given me my walking papers if I had paid over \$100 for a horse. We want to see the farmer prosperous, because we can not sell a stick in your country or elsewhere if the farmer does not want to buy.

We feel that the railroads themselves must prosper, but we do feel that we must take care of our interests and our timber resources and fix it so we can reach the Middle West, where we have to go 2,000 miles to get to our market.

Senator HEYBURN. Can you explain the cause of the conditions which were given by Mr. Chamberlain a short time ago in the hearings here?

Mr. GRIGGS. He spoke of several things.

Senator HEYBURN. Well, because of there seeming to be such a combination on the part of either the producers or the retailers of lumber?

Mr. GRIGGS. Well, I can explain it in this way: Everything that we buy in the West is higher. If we are trying to buy steel rails, if we are trying to buy cable, if we are trying to buy powder I can wire to four different places in any part of the United States for the prices on steel rails, which I did. We wanted to buy 3 miles of rail, and \$45 a ton was quoted to me. There was no variation in the price, and I paid it. I was glad to pay it, and had to have the rails. As to the retailing of the lumber product in the Middle West, I have nothing to do with it. I do not know of the combinations and I will sell my lumber to any responsible dealer that has the price to pay for it.

We do know of the condition where our own mill yards are located, and that if we did not treat the customers right other fellows would ship in there. It is a question of business argument in these propositions. I do not blame these men for getting all they can on the retail price; that is a question of business policy. The only feature I deplore is the fact that they utilize that argument to the detriment of the entire lumber fraternity of the country; and I think there is nothing grander and nothing finer for men to work for in this country than the preservation of the forests, and I believe the business conducted on the line it is to-day is entitled to more credit than it receives generally from the consuming public.

I do not want to take up too much time. I did not put my remarks down, and I think it is probably wise to do that.

Senator HEYBURN. Take as much time as you feel you require.

Mr. GRIGGS. But I feel the Great Middle West and the East do not know the conditions as it affects the price of lumber. They talk about the stumpage values—stumpage owned by men who are able to put their money into it and invest it for 20 or 30 years, figuring the advance will generally stay at about the same price, until it comes to a better condition where they can advance the price, because the men who put their money in it as an investment consider it a "long-time" investment. The difficulties in our State with the investment in stumpage are due to the fact that we have the forest-fire danger; we have the possibilities of continued operations which will endanger us much more from forest fire after they commence operations than we have ever dreamed of before. I know of one instance when I could not read a book in the city of Tacoma in the middle of the day, and that was the only time in my life I have ever seen a forest fire cover that country. We want the Government and State lands next to us protected, because we will buy them when we get up to them at the market price. We can afford to pay the market price, and it means so much to the whole country to protect this timber that I do not want to see you do anything which will make it impossible for us to do that. By this reciprocal arrangement we will hold this country back 4, 5, or 10 years and develop our neighbor on the north of us. We will feel it more in five or six months, when the mills of the North are fully developed, because it takes time to develop sawmills.

You have got to recognize that if you throw our industry open to the competition of timber from the North, where there are investors

from this country. Some of the biggest investors in the country are in British Columbia holdings, and they will simply liquidate those holdings in preference to liquidating the holdings on this side of the line, in our State and the State of Oregon. I speak of the State I come from, particularly, and I think I might state that the whole State of Washington is dependent upon the prosperity of the lumber business. When we first went there there was not 300,000 people in the whole State. There are a million people there now, north of Portland, and many are engaged in the lumber business. I have seen the time when loggers had their rafts so plastered with liens that you could not buy one safely, as the labor on them had not been paid for. But to-day, I am glad to say, we have made some money in the last 10 years. The money they make goes back into the resources and timber business. Our company has made more money in the sale of its tide lands, or will make, than it is anticipated to-day in the sale of its lumber. But it is the development of the State that has brought that about; and our whole State so hinges on the development of this lumber industry, and we in a way measure so much of our prosperity by the prosperity of the Middle West that we are linked together.

The conservation feature I have endeavored to explain. I have been very rambling in my remarks, but I want the pleasure, Senator, of just showing some of the pictures of the actual conditions, which I took about a week before I left.

Senator HEYBURN. We would like to see them.

Mr. GRIGGS. Our general laws on taxation have simply scared us. I do not know what the result will be. Five years ago we fought freight rates, to keep the 40-cent rate into Minneapolis. They raised the rate to 50 cents. We finally got a compromise rate of 45 cents. The gentleman who preceded me said we do not ship any considerable quantity into Chicago because the freight is 5 cents higher than to Minneapolis. We do ship into Chicago. When the railroads start building, and Mr. Hill has said that they would have to build for 10 years to keep up with the development of the country. To-day they are not buying much, if any, of our lumber. We are marketing it on the coast to-day because we can not find a market for our lumber, and we are not asking over \$10 a thousand for common lumber. We bill our kiln-dried lumber at 2,000 pounds, which is a fair average, although it probably weighs a little less; it will mean a freight rate to us of over \$10. It means that the men do not recognize these differences in location when they talk about the price of lumber. We come into certain competition with the men in the South and the men in the Carolinas and all through that territory, in central lines, and they get a 26-cent rate and we get a 45-cent rate.

That thing practically adjusts itself to a certain line we can go to, and we can not make any more lumber than you will take.

I think, gentlemen, I would like to have you hear from Mr. John McMaster, who is a shingle manufacturer of some 20 years' experience. I have worked alongside of him, and I know he knows that part of the game, and I would also like you to hear from Mr. Bloedel, who has prepared arguments, I think, on this subject.

Senator SIMMONS. The committee will be glad to hear from Mr. McMaster. Where do you reside, Mr. McMaster?

**STATEMENT OF MR. JOHN McMASTER, OF SEATTLE, WASH.**

The CHAIRMAN. The committee will be glad to hear Mr. McMaster. Where do you reside, Mr. McMaster?

Mr. McMASTER. Seattle, Wash.

The CHAIRMAN. Will you proceed with your statement to the committee?

Mr. McMASTER. Mr. Chairman and gentlemen, it seems to me that the committee knows less of the industry that I represent than any other. There is less said about it. We are located in the State of Washington, and our great industry is a new one, a young industry. Every one seems to agree on one thing connected with the tariff, and that is that a young industry should be protected. We are now 21 years old. Twenty-one years ago this summer the first shingles were made in the State of Washington to ship to the Middle States.

We manufactured shingles 21 years ago in a small way, and for 10 years business kept growing. For the last few years, especially the last two or three years, it seems to be at a standstill. We seem to have reached the limit of production. Twenty-one years ago this summer we received \$1.65 f. o. b. the mill. We are getting to-day \$1.45 and \$1.50 for a better grade of shingle f. o. b. the mill, so you can see that in the 21 years the price has been getting lower all the time. Twenty-one years ago the raw material cost about 50 cents per 1,000. To-day the raw material at the mill costs about \$1 per 1,000. Twenty-one years ago labor cost about one-third less, so you wonder how we exist, how we manage to make shingles and put them on board the cars for \$1.50.

We make several grades, but one grade will be sufficient to give you an idea of what we are doing. Shingles are the cheapest articles made of forest products. The lumber is cheap, particularly for the lower grades; but I think of all the articles manufactured of forest products shingles are the cheapest. To illustrate, last winter you could buy 1,000 shingles for 2 dozen of eggs; to-day you can buy 2,000 shingles for a sack of potatoes. From that you can see the purchasing power of the farmer's products when it comes to buying shingles.

It does not seem to me that it is necessary for us to go abroad for shingles when we have an abundance of the raw material at home; when we have the mills, the equipment, and the labor, for the reason that we are making shingles out of the raw material that can be used for no other purpose. We are making shingles out of timber that will disappear right along, whether it is made into shingles or not. If it is not made into shingles, it will be burned by fire. The farmer, in clearing his land, will have to pile it up and burn it because there is no other use for it.

Senator HEBURN. What wood do you make shingles out of?

Mr. McMASTER. The cedar. The shingle manufacturer follows close behind the logger and takes what is left. If he does not consume that, it is destroyed; it is burned. There is no other use it can be put to.

Senator McCUMBER. The shingles are made of cedar, are they?

Mr. McMASTER. Yes, sir; all of cedar. On the coast we have the two, the fir and the cedar, and the cedar is not of any use for lumber.

Senator McCUMBER. The lumberman takes the fir and leaves the cedar?

**Mr. McMASTER.** If he does not take the cedar and make it into shingles, it is burned. For instance, in our country we logged a piece of ground last summer. We left a good deal behind in the shape of shingle cedar, intending to use it later, but a fire came along and swept it all up. We are making shingles out of the material that would otherwise be lost.

We need shingles. Shingles are used in every retail lumber yard in the United States. Our cedar makes beautiful shingles. There is no better wood known than red cedar for shingles. I believe I can say truthfully that no one knows exactly how long the red cedar shingles will last on a roof, but there is no doubt but what red cedar, properly manufactured and laid on the roof, with proper nails, will last 100 years, so that for durability it has no superior.

The shingle business means a good deal to us. We depend upon it to a great extent. There are 500 shingle mills in the State of Washington, and we employ about 15,000 men, and you can see how many depend directly or indirectly upon the shingle industry. The average wages paid are about \$3.50 a day. We employ all white labor. The men that used to be engaged in the manufacture of shingles in Michigan and Wisconsin when the timber ran short there emigrated to Washington, and now an army of those same men is in Washington working in the mills. The Washington industry benefits the State of Washington in a great many ways, and under present conditions, should the tariff be lowered, we feel that our industry will come to an end, or, in other words, it will be so unprofitable that a great many men now engaged in the business will have to abandon it. The mills will be deserted. Even to-day, under present conditions, at the prices we are getting for shingles, a shingle mill is not worth more than 50 cents on the dollar. You will ask why we continue to operate. It is because we hope that prices will improve. We hope that next year we will get a little more. To-day we are selling shingles for \$1.50. We would be satisfied with \$1.70. That little difference means profit or loss to us.

The shingle industry benefits all the men that are employed in the mills. It benefits those that are dependent upon them; it helps the settler. I think there is no other one thing that helps the settler more in that part of our State than the shingle industry. You know the cedar grows on the best land—on the bottom land, where the soil is rich. The result is that when a shingle mill starts up men come and buy land, they begin clearing, and when they cut down those trees they haul the logs or the bolts to the mill and get their money, and in that way they get a little start. They sell their meat and their eggs and find a market for anything else that they raise right at the mill. I know of men—not one, but hundreds of them—to-day that have homes, nice little homes, nicely cleared fields, and are in good easy circumstances which all came about because they were enabled to do so by the shingle mill. That is the state of affairs all over that part of the country where shingles are being manufactured. We can manufacture shingles enough to supply the market of the whole United States. The State of Washington now supplies between 60 and 70 per cent of all the shingles consumed in the United States to-day.

**Senator HEYBURN.** Let us emphasize that a little. You say the State of Washington supplied from 60 to 70 per cent of all the shingles consumed in the United States?



Mr. McMASTER. Yes.

Senator HEYBURN. Cedar shingles that will last 100 years or thereabouts?

Mr. McMASTER. We have good reason to believe that they will last fully 100 years. If we are able to supply from 60 to 70 per cent of all the shingles used in the United States, and continue to do so indefinitely, and can supply them at as low a price as we are doing, is there any good reason why we should go abroad for our shingles? We could double the output any time if the market would justify it. If the manufacture of shingles should become profitable we could double the output in a very short time, but we are making to-day all the shingles we can find a market for. If the tariff is reduced on shingles and we are thrown into competition with British Columbia, the result will be that our mills will be closed or a great many of them.

Senator HEYBURN. These cedar lands extend into British Columbia?

Mr. McMASTER. Yes. They have material enough to supply Canada and the United States with shingles for many years to come, and it is quite likely they will be looking for a market for their product. That is what they want; they want the market of the United States, and we can not blame them. British Columbia absolutely refuses to let logs be imported into Washington. They want the United States markets, and they want them free. They want their own cedar manufactured in British Columbia. You can see how unfair that would be to us. We want a tariff on shingles, and if there is a manufactured article in the United States to-day that needs protection it is the shingle industry of the State of Washington. We meet competition among ourselves. There are 500 mills. We compete with one another. We always keep the market price down to cost.

Senator LODGE. Is there any law in British Columbia preventing the export of logs?

Mr. McMASTER. Yes, sir. We expect to continue to compete with one another, and in no case do I expect the time will ever come when we can manufacture with a profit to ourselves, because of competition. But we do not think it is fair to us to expect us to compete with Canada. We believe that the United States market by right is ours, and it is for you gentlemen to say whether we are going to have it or not. Our success or failure, if we continue to manufacture shingles, depends entirely upon what you can do for us.

Senator McCUMBER. May I ask you a question, Mr. McMaster? How long have you lived in the State of Washington?

Mr. McMASTER. Twenty-two years.

Senator McCUMBER. And are therefore pretty well acquainted with this development?

Mr. McMASTER. Yes, sir.

Senator McCUMBER. And its present condition? Now, what is the State of Washington to secure by this treaty which will benefit her people?

Mr. McMASTER. I do not know of any benefit as yet.

Senator McCUMBER. Can you speak the sentiment of the majority of the people of that State?

Mr. McMASTER. I can speak for the sentiment of the lumbering and the shingle industries.

Senator McCUMBER. Can you, outside of that?

Mr. McMASTER. I have not met anyone in the State of Washington that was anxious for reciprocity.

Senator McCUMBER. Have you enough information about the sentiment of the State to let us know whether or not the majority of the people of that State are in favor of or against his bill?

Mr. McMASTER. I can say right here, positively, that the sentiment among the lumber and shingle manufacturers is opposed to it strongly.

Senator McCUMBER. I am speaking of the State in general.

Mr. McMASTER. Of course, the eastern part of the State, that is the agricultural district. I will not say what the sentiment is there.

Senator McCUMBER. How is the sentiment in the large cities—Seattle, Spokane, Tacoma?

Mr. McMASTER. The sentiment in those cities is against reciprocity in its present form.

Senator McCUMBER. They make up a considerable proportion of the population of the State?

Mr. McMASTER. Yes; they do.

Senator McCUMBER. Taking the State as a whole, outside of the lumber industry, would you say that the people, generally, were opposed to the reciprocity agreement?

Mr. McMASTER. I would say so. I believe the majority are opposed to it.

Senator McCUMBER. And that majority will undoubtedly make their sentiment known by the vote on the reciprocity treaty in the Senate.

Mr. McMASTER. Yes, sir. The lumber industry seems to be more interested in the matter than anybody else because it seems to affect us more directly. I think there is not anything more I can say.

Senator HEYBURN. I would like to develop your suggestion in regard to the formation of these bottom lands into farms, by reason of the fact that you remove the timber from them. It results in the making of farms?

Mr. McMASTER. Yes. Of course, when the farmer comes he has that advantage; the shingle mill gives him a market for his timber.

Senator HEYBURN. He has what we would call in that country a "grub stake" in the cedar that he takes from the land for the purpose of making it fit for cultivation?

Mr. McMASTER. Yes. There is no one thing that helps the home builder as much in that part of the State of Washington as the shingle mill. When a shingle mill starts in any particular locality, out where the timber is plentiful, little houses spring up, then they have a store, and a hotel, buildings go up, they build a schoolhouse, and it is a scene of prosperity. Shut down the shingle mill and you destroy the town. There is one town that I know of, that I have known for 21 years, ever since I have been in the State of Washington. That town has lived almost entirely upon the shingle industry. That little town gets in money about \$125,000 or \$150,000 a year out of shingles. That little town pays not less than \$50,000 to railroads in freight. You can see what that would mean to them if the shingle industry should come to an end.

Senator CLARK. When the land is cleared of the cedar or other timber is it susceptible to agriculture?

Mr. McMASTER. Yes; as I said before, the cedar grows on the best soil.

Senator HEYBURN. It makes good fruit land?

Mr. McMASTER. Good fruit land; yes. That country is very hard to clear; the trees are large, but when the land is cleared the soil is good. There are many other ways in which the shingle industry helps. It helps everyone. The labor gets 80 per cent of the money received, and that all goes into immediate circulation.

Senator HEYBURN. It makes a large market for supplies from distant sections?

Mr. McMASTER. Yes; we are great buyers of all kinds of hardware, tools, cables—all those things. The State of Washington buys more shingle saws than any other State in the Union. I think we make a market for the farmer. If the shingle industry ceased in the State of Washington the farmers would feel it very seriously. There is no doubt about that at all.

Senator HEYBURN. Could you make a statement in a table, showing the amount invested in the shingle industry, the amount of product, and the number of people, wage earners and others dependent upon them, interested in this question?

Mr. McMASTER. I would be very glad to. How soon would that have to be done?

Senator HEYBURN. At your earliest convenience.

Mr. McMASTER. I could mail it within the next 10 days.

Senator HEYBURN. Very well.

Mr. McMASTER. I will do so.

Senator HEYBURN. Now, will you give us some idea of the character and size of those cedar trees that are used?

Mr. McMASTER. Yes. You know our timber on the coast is large.

Senator HEYBURN. The word "large" as applied to the coast is not always appreciated in some sections of the country. Just give us some description.

Mr. McMASTER. Well, an average log—as we cut our logs the average length is 32 feet.

Senator HEYBURN. What is the diameter?

Mr. McMASTER. The smallest cedar we think of touching would measure at the top 12 inches, and the largest would be, perhaps, 7 or 8 feet in diameter.

Senator HEYBURN. At the top?

Mr. McMASTER. Yes. The average log would be about 4 feet in diameter—3½ to 4 feet. An average boom of logs towed to the mills will average about 1,000 feet to the log, or in some cases 800, according to the logs. You do not want to lose sight of this fact. We are making shingles out of material that otherwise would go to waste. It can not be preserved; it is either going to be cut into shingles or it is going to be burned.

Senator CLARK. What do you mean? Burned in the standing timber?

Mr. McMASTER. The farmer has got to burn it in clearing his land.

Senator CLARK. You can not get this timberland for farms?

Mr. McMASTER. You can buy the land, you know, with the timber on it, but in clearing this land you have either got to sell the timber or burn it.

Senator CLARK. Is it Government land?

**Mr. McMASTER.** Held mostly by private owners. Now, 25 years ago in the State of Washington standing cedar timber had no value. When a cruiser went to cruise timber he did not cruise the cedar at all, for the reason that it did not have any value. Nothing could be done with it. The fir could be hauled to the mill and exported to foreign countries, but they could not do that with the cedar. Now, if our shingle industry terminates, or we have got to compete with British Columbia, history will simply repeat itself.

**Senator McCUMBER.** Now, please explain to the committee, as there may be some of us that do not know, why that cedar that will last 200 years will not in all cases make good lumber.

**Mr. McMASTER.** I want to make that clear. You know that clear cedar is nice lumber and can be used for a great many purposes. A great deal of it is used in building houses. But there is a very small percentage of our cedar that is clear. All of you know that it is naturally a knotty wood. When you open a log it is full of small knots, and a knotty cedar board is no good at all.

**Senator McCUMBER.** Why?

**Mr. McMASTER.** Because the knots all fall out and it is full of holes. It is a very soft wood, breaks and splits very easily. It has been tested and tried, and everyone who knows cedar wood knows that it is useless for anything but shingles. All of the clear logs that we get can not go into lumber. There is a great deal of our cedar that is grown on the mountain sides, where the logging is bad, and the trees in falling split and break up, and the logs can only be handled in shingle bolts.

**Senator McCUMBER.** In converting the logs into shingles you can eliminate these knots?

**Mr. McMASTER.** Yes. The shingle is short and wide, and cedar seems to be especially adapted for making shingles. So far we have found no other use for it.

**Senator McCUMBER.** Suppose any parts of the shingle have been injured—

**Mr. McMASTER.** I want to explain that. As you know, we have several grades of shingles. We make a shingle that is absolutely clear, others that are clear 10 inches from the end, and others that are clear 6 inches from the end. But the lower grades are worth so little money that usually we have to burn them. We can only afford to manufacture and ship the better grades. In British Columbia they do not make any low-grade shingles at all. They burn them up. We do not like to waste quite so much, and we make a grade with the knot in the top.

**Senator McCUMBER.** Then the knot is covered up?

**Mr. McMASTER.** Yes; and when the shingle is laid the shingles overlap and the holes are covered up. I think that is all I can say.

**The CHAIRMAN.** The committee will hear the next member of your party.

**Mr. GRIGGS.** Mr. Bloedel, Mr. Chairman.

#### STATEMENT OF MR. J. H. BLOEDEL, OF BELLINGHAM, WASH.

**The CHAIRMAN.** Where do you reside?

**Mr. BLOEDEL.** Bellingham, Wash.

**The CHAIRMAN.** What is your business?

Mr. BLOEDEL. Lumberman.

The CHAIRMAN. Will you proceed with your statement?

Mr. BLOEDEL. Maj. Griggs has covered a large part of the lumber trade in his talk, and I wish to talk only upon certain parts of it which he has not touched upon. Generally speaking, in round numbers, we say that one-third of the product of the State of Washington goes to market by way of the water routes, one-third is consumed at home, and one-third is shipped East to the consuming markets in the prairie States. In the year 1909 the State of Washington manufactured 4,200,000,000 feet of lumber, of which one-third, or about 1,400,000,000 feet, was sent East by rail, about 1,500,000,000 feet was shipped by water, and the balance was consumed locally. The lumber-producing district in our section comprises the State of Idaho, the State of Washington, with the exception of that portion between the eastern slopes of the Cascade Mountains and the eastern boundary line, and the State of Oregon, with the same exception—the eastern slope of the mountains to the eastern boundary line. We estimate that in that section for the year 1909, which is the last statistical year for which we have definite data, the total product was 7,500,000,000 feet; that the total number of men of all kinds employed in the industry, including the forest and the mill, was 190,000, and that the total amount paid in wages was \$127,000,000. In the State of Washington alone the industry is greater than all the other industries put together. The amount paid for labor, or the value of the industry in forest products, is said to be between \$60,000,000 and \$65,000,000, according to the report of the secretary of state of the State of Washington. The agricultural product, as nearly as we can ascertain, was \$40,000,000.

Senator HEYBURN. Speaking of the State of Washington?

Mr. BLOEDEL. Speaking of the State of Washington; yes, sir. So that for the State of Washington the lumber industry is considered by far the greatest and the most important of all its industries.

Now, taking that one-third part of the forest product which goes East by rail into the prairie States, whence comes the complaint of the farmer against the high price of lumber, I want particularly to touch upon that subject. The delivered price of lumber to the consumer in the prairie States is very much greater than the price of the lumber at the mill, for the reason that you have to add not less than \$10 freight, you have to add whatever the handling cost in the yard may be, and the retailer's profit. I have here some tables which I prepared two years ago, when the tariff hearing was up, showing the average price of the lumber at the mill, the average railroad freight paid to destination, and an addition to cover the retailer's cost of handling, profit, etc., which is assumed to be 20 per cent of the cost value. The resulting figure is consequently the delivered price to the consumer. Now, I must say that, as to the delivered price to the consumer, that is merely an assumption on my part.

That price varies materially, first with the local situation, next with the retailer's ability to get a good price, and also with the freight rate. But I find here, in the year 1904, common dimension, which is 2 by 4 studding, etc., and common boards, sold at the mill at an average of \$7 per 1,000. The freight rate was \$10.40 to North Dakota. Adding to that \$3.48—20 per cent of the cost price for cost of

handling, profit, etc.—makes the price of that article to the consumer \$20.88.

Senator CLARK. With respect to the 20 per cent, you figure it on the freight rate as well as the price at the mill?

Mr. BLOEDEL. The retailer has to pay the freight rate. It is part of his cost.

Now, taking for instance rough timbers, at that same date, \$9 was the price at the mill; \$13.20 was the freight rate because that is a heavier material. The figures, adding 20 per cent or \$4.44, show \$26.64 as the cost of that material to the consumer in North Dakota. The same thing holds true of the other materials. I shall not burden the committee by reading it all, but will file it when I am through.

But I wish to say that the cry that has gone up through the country that lumber is high—if that cry is true—is no fault of the manufacturer. I have just quoted you the figures of 1904 as to the prices at the mill, and I want to say that at no time in the 20 years that I have been in touch with the industry on the Pacific coast has the price of common lumber been very much higher than that, except in 1906 and 1907, and I will explain in a minute why these latter conditions prevailed. The price of lumber on the Pacific coast has gone down steadily since then, and is lower to-day than in 1904.

Senator McCUMBER. The same prices as of what year?

Mr. BLOEDEL. 1904, that I have just quoted. For instance, just take this one item, which is an item of common building construction, small dimension and boards. For 1902, from memoranda I have here, I have a price of \$8 on dimension—and these prices were taken, I will say, from our sales journals for the month of January for each of those years from 1902 to 1911.

Senator McCUMBER. The mill price?

Mr. BLOEDEL. Yes, sir; 1902, \$8; 1903, \$8.50; 1904, \$7; 1905, \$5.50; 1906, \$7.50; 1907, \$12.50; 1908, \$10.50; 1909, \$7; 1910—this record I do not have—but in 1911, for the same month, it was \$6.50.

Now, again, when you get to the higher-grade lumber, what I have said of the lower-grade lumber does not so well apply to the higher grades. The higher-grade material, such as flooring, drop siding, ceiling, or finished lumber, has advanced, and the common grades of lumber have not advanced. The common milling grades of lumber, as I heretofore stated, can be bought to-day on the Pacific coast for less money than at any time, except the year 1905. I want to explain this was for January, 1905, and really applies to conditions in 1904. Lumber, as you understand, fluctuates a good deal in demand and price, but the conditions which prevailed in 1906 and 1907 were such that it justified the advance of lumber prices.

I want to explain this. There was not only general and phenomenal prosperity throughout the country, but the San Francisco earthquake and fire happened in April of 1906. That immediately caused a big demand for Puget Sound lumber. Shortly after that the earthquake in Valparaiso destroyed a number of buildings and increased the demand for lumber from that source. The result was that it was not a question of the price of lumber at the mills, but it was a question of quick delivery, and, naturally, when a buyer came to a plant and wanted to buy lumber he did not only ask the price but asked for immediate delivery. The result was that the price at that

time, as I have mentioned to you, went up, the price for January, 1906, being \$7.50 and for 1907 \$12.50, and January, 1908, \$10.50. The price that I gave you for 1906 was in January and was not affected by these conditions. The price I gave you in January, 1907 and 1908, was affected by these conditions.

Now, I have stated that I have lived on Puget Sound some 20 years, and am familiar generally with conditions there. Twenty years ago, when I came to the city of Bellingham, I bought lumber for street-grading purposes and paid \$11 for it. That was the current price of common dimension and building lumber at that time. I have given you the variations of the prices of lumber up to date on that same grade, and I say that to-day we will sell that same grade of lumber in the city of Bellingham for about \$8 or \$8.50 at the mill. I can not impress too strongly on the committee that the price of common building lumber that enters into an ordinary house or barn, such as studding, ship-lap, or sheathing, has not increased at the mill. In fact, we are selling it at less.

The price of the high-grade lumber has increased—high-grade clears and finish, such as would enter into the construction of the panels of that door—they have advanced from about \$18 to \$24. Flooring has advanced from about \$18 to \$25, showing the fact that the increased production has made more common lumber than could be sold and less clear lumber proportionately. If it had not, the relative prices would have remained the same. The fact is, as to the Douglas fir—which is manufactured on Puget Sound—about 70 per cent of the log measure goes into the common grades, about 30 per cent goes into the upper grades, and in some sections it is only 15 or 20 per cent. In the best sections it may be a little more than the average. The 30 per cent will never have to fear for a market. We can always find a ready buyer for that lumber. It is the 70 per cent that worries us.

In 1907 the railroads raised their rates from 40 cents per 100 pounds to 50 cents per 100 pounds. The old rates to Minnesota transfer, figured on the basis of dimension lumber, were \$10.40 per 1,000 feet, but it was raised by a decision of the Interstate Commerce Commission in 1908 5 cents per 100 pounds, which increased the cost of the delivery into most of that consuming territory about \$1.40 per 1,000 feet. That is another burden that the consumer and the retailer are asked to bear, because I think I have shown you gentlemen that the manufacturer or mill can not bear it. It not only has not increased its price at the mill, but it has decreased it during those years.

Senator CLARK. Just one question, if it will not interrupt or annoy you. At this time, in 1907, when by reason of the earthquake there was such a great demand for lumber, did it cost the mills any more to produce it?

Mr. BLOEDEL. Yes, sir; it did.

Senator CLARK. That is all. I just wanted to clear that up.

Mr. BLOEDEL. The increased capacity created an abnormal demand for labor. The result was that our average price for labor advanced very rapidly—I mean our average cost of labor. We paid, I should say, in 1905 about \$2 for common labor, and we paid as high as \$3 a day for common labor in the height of that season in 1907. There is another item that enters into that, and it is not alone

the cost of labor but the efficiency. The efficiency of labor diminished proportionately to the increase in the pay for the reason that there is such a demand for men that they are very independent and will not perform as willing labor or as much labor for the money as on a lower basis.

I want to speak some of the timber in Idaho. I am not familiar with the Idaho industry except in a general way, but the industry in Idaho has been developed very rapidly within the last 10 years. In 1899, according to my best recollection, there was very little lumber produced. I think the figures show about 165,000,000 feet, and in 10 years, in 1909, that has increased tenfold, so that the actual production to-day, or in 1909, was about 1,500,000,000 feet. The advance has been rapid for the reason that there has been a decline in the production of the similar grades of lumber in northern Minnesota and Wisconsin, namely, white pine. They have found in Idaho a substitute—or, I should hardly say a substitute, for that lumber is just as good—called western white pine.

Now, this large output is shipped East, as far east as New York and Boston. The western white pine and eastern white pine is no longer used as ordinary building lumber except in the very lowest grades. The medium grades and higher grades are used for shop-work. They make doors and sashes and high-grade work, what is called factory work. The very low grades of white pine go into boxes, but very seldom into buildings. As the product in the northern part of Minnesota and Wisconsin declined, the product of Idaho came in to take its place. But you must understand not at the same price to the consumer, because there was the freight haul of about 1,500 miles further to pay for. That freight haul is 42 cents to the Minnesota transfer—3 cents less than ours from the Pacific coast. Figured on an average, it is about \$10 per thousand feet freight. That is what the consumer has to pay in addition to what he would have to pay had he been able to get his white pine lumber nearer home.

The proportionate number of men employed in the industry in Idaho I do not know, but it is proportionate to the amount of the increase of product. In Idaho last year—1910—there were very destructive fires. I do not know how many billions of feet were destroyed, but there were a great many billions of feet. The Forest Service has been diligently surveying and advertising these tracts for sale. On account of their inaccessibility and the fact that the cost of transportation to remove the raw material to a convenient manufacturing point is so heavy, I doubt very much if much of that timber will be saved. In fact, I question if any of it will be saved, as it can not be logged, railroaded, and milled at the present prices of lumber.

That is one point that we have to contend with on the Pacific coast—our risks are great. We not only have the initial investment in the timber, but we have to carry the tax burden from year to year, and we have to carry the fire risk. The fire risk, as I have just shown you, is a very grave danger. It is the greatest danger that conservation has. In the State of Washington it is estimated that there has been more timber destroyed by fire during the period since lumbering has been conducted there than has been logged and cut into timber.



Now, the lumbermen are doing everything they can to better that condition. In the State of Washington we have organized forest patrol districts. This is done by voluntary associations and by assessment on the lumbermen. They maintain district patrols, and the main offices of the patrols are in the larger centers. During the fire season, which is from June to September, they patrol those districts and have forces of men at hand to put out incipient fires, and in many ways aid the cause of conservation. I want to say that that is conducted primarily at the expense of the lumbermen in that State. I think that in the State of Idaho they have similar arrangements.

Now, the reason that we are opposed to the reciprocity bill in its present form is because it is not reciprocal so far as the lumber schedule is concerned. I might say that, personally, if the reciprocity bill reduces the cost of living and people could live cheaper, perhaps I might be selfish enough to favor it. But such is not the case. If you diminish the cost of living you diminish the value of farm products. If you diminish the prosperity of the farmer in the eastern part of Washington or in North Dakota or in Minnesota or Nebraska or South Dakota, where our principal consuming markets are, you reduce his buying power and our prosperity accordingly. For that reason, gentlemen, as a whole, I am against the bill as proposed.

There is one other reason for which, as a lumberman, not wholly so as a citizen but as a lumberman, I am opposed to the adoption of this bill. It is not reciprocal in all of its features. It is not identical in the reduction of its tariffs. To illustrate: I ship more or less lumber into British Columbia and Canada—because we are just 20 miles south of the boundary line and have rail connection with the Canadian Pacific Railway, which distributes into Canada. We shipped last year some 800 cars into that territory. We paid, for that period an ad valorem duty of 25 per cent, on all of the dressed and matched lumber and all of the lumber which was surfaced on more than one side. The Canadian tariff is free on rough lumber, and on lumber surfaced on one side only there is a charge of 25 per cent ad valorem, on such articles as shiplap, flooring, ceiling, and drop siding.

Now, under this proposed bill the tariff on lumber surfaced on two sides is 75 cents. In Canada it would be 25 per cent ad valorem, and on an \$8 basis that would be \$2. On flooring, for instance, we would charge them \$1.12. In Canada they charge us on a basis of \$25 value here, and that would be \$6.25 per thousand.

Now, that is not reciprocal, nor is it fair. If the tariff were identical on both sides, I would say as an individual manufacturer, looking at it from a purely selfish standpoint, that I might favor it, because I can ship under present conditions into Canada very satisfactorily and they are a big consuming factor. But it is not, and we have the same tariff wall from Canada against us as we had before. Now, I have been a great deal in Canada, because I am a next-door neighbor and have been for a number of years. Her prosperity and rapid advance dates back to 1903 or 1904, but during that time to date, some seven or eight years, lumber prices have varied so that during the year 1904 lumber was higher in Canada, and we shipped some over there.

We shipped a little over there in 1905, and none in 1906 and 1907 while lumber was lower in Canada. They shipped some over here in 1907 and 1908. The conditions were about equal in 1909 and 1910, and to-day the average price of lumber is higher in Canada than it is here. The result is that we, who are situated close to the boundary line, are shipping a considerable quantity of lumber into that country, and we would like to have that tariff of 25 per cent ad valorem reduced to the same tariff as is in our bill.

Senator LODGE. Mr. Chairman, it is now 5 minutes past 1, and I suggest that the committee adjourn until Wednesday morning at 10 o'clock.

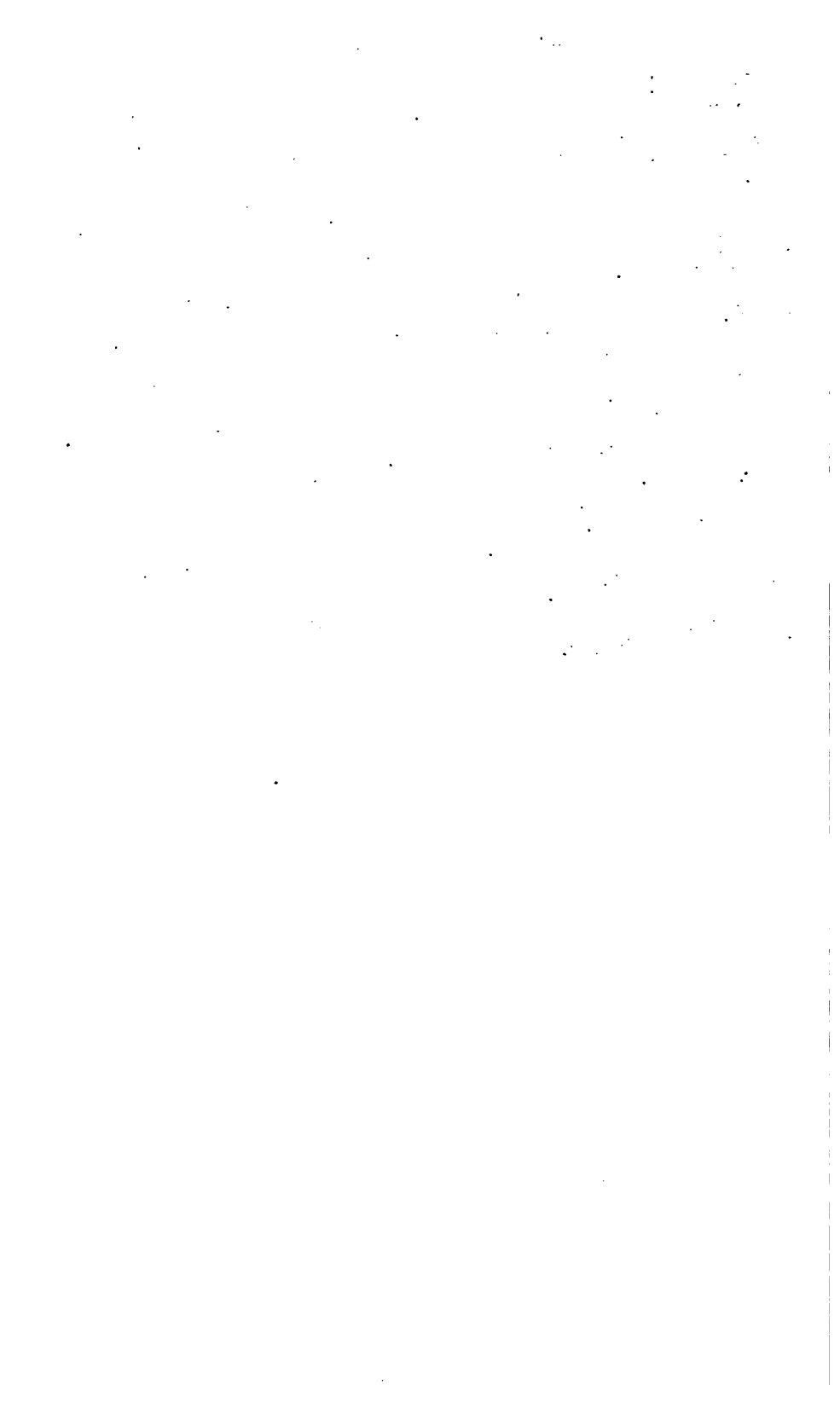
The CHAIRMAN. We had intended holding a meeting to-morrow, but we can not anticipate any large attendance of members, and therefore it would be better to adjourn until 10 o'clock on Wednesday morning next. If there is no objection, that will be the order of the committee, when the committee will proceed to finish these hearings of the gentlemen from the Pacific coast.

Mr. BLOEDEL. I could finish very shortly, Mr. Chairman, if I could be permitted to do so.

Senator HEYBURN. We meet in the Senate at 2 o'clock to-day, and I think we had better adjourn.

The CHAIRMAN. Yes; the Senate meets at 2 o'clock, and the committee will now adjourn.

(Accordingly, the committee adjourned until Wednesday, May 31, 1911, at 10 o'clock a. m.)



COMMITTEE ON FINANCE, UNITED STATES SENATE,  
*Washington, D. C., Wednesday, May 31, 1911.*

The committee met at 10 o'clock a. m., Hon Boies Penrose in the chair.

Present: Senators Penrose (chairman), Cullom, Lodge, McCumber, Smoot, Gallinger, Clark, Heyburn, La Follette, Bailey, Simmons, Stone, Williams, Kern, and Johnson.

The committee thereupon proceeded to the consideration of H. R. 4412, an act to promote reciprocal trade relations with the Dominion of Canada, and for other purposes.

The CHAIRMAN. The committee will come to order. I am informed, Senator Stone, that the people representing the lumber business will not take more than 15 minutes if not interrupted, so we can proceed with them and then take up your examination of Messrs. Graham and Allen.

STATEMENT IN WRITING BY THE BUREAU OF TRADE RELATIONS OF THE  
STATE DEPARTMENT, SUBMITTED BY SENATOR STONE.

Senator STONE. That will be satisfactory to me. I would like, Mr. Chairman, before you proceed, to offer at this point a statement prepared by Mr. Charles M. Pepper, of the Bureau of Trade Relations of the State Department, calling attention to some errors in the statistics submitted, I think, by Gov. Bachelder, and some statements contained in his remarks before the committee.

The CHAIRMAN. The statement will be printed in the proceedings, and in the reprint will be inserted in the proper place under Gov. Bachelder's remarks.

Senator STONE. Yes, sir.

(The statement is as follows:)

DUTIES ON MANUFACTURED ARTICLES USED BY CANADIAN AND AMERICAN FARMERS.

[Analysis of list presented by ex-Gov. N. J. Bachelder.]

The list of comparative tariff rates appearing on pages 26 and 27 of the Finance Committee's Hearings on Reciprocity, May 8, 1911, and frequently referred to throughout the hearings accorded the agricultural interests by the Finance Committee not only state many rates with absolute incorrectness, but is based throughout on the assumption that Canada imports a majority of her manufactured goods from Great Britain under the British preferential rates of her tariff, whereas in many of the instances cited the bulk of the Canadian imports are from the United States and are taxed from 10 to 15 per cent higher than the rates set down under the heading "Canadian tariff."

The Canadian preferential rates given are not stated accurately. The lower grades of earthenware most used by farmers' families, such as rough tableware, crocks, churns, tiles, etc., enter when from England at 20 per cent; the 15 per cent rate stated applies only to the finer grades of tableware. Wire from Great Britain is dutiable at as high as 15 per cent, instead of only 10 per cent under No. 406 of the Canadian Customs Tariff of 1907, covering "wire of all metals and kinds not otherwise provided for." Twisted or clothesline

wire is dutiable at 17½ per cent. Hats from Great Britain meet a rate of 22½ per cent instead of 20 per cent. It is true that a few fur hats are admitted at 20 per cent, but these are included with all other manufactures of furs in the import figures, the total reaching but \$421,741 in value; while ordinary felt and straw hats entering at higher rates totaled \$2,890,134. The 35 per cent rate given for sugar can not be found in the Canadian tariff law or derived from the Canadian import statistics. The preferential rate on refined sugar is 72 cents per 100 pounds, with 1 cent per 100 pounds additional for each polariscope degree over 88. The rate of 17½ per cent stated for carpets applies only to mattings and coarse fiber rugs, the rate on carpets being 25 per cent, and the value of these carpets imported by Canadians being more than four times that of the mattings and coarse-fiber rugs imported by them. The rate quoted for dress goods is only applicable to such goods when imported in the unfinished state to be finished by Canadian manufacturers, such imports amounting to but \$84,437. On the other hand, ordinary woolen cloths used for the making of dresses and clothing enter Canada from Great Britain at 30 per cent, and are imported to the value of \$8,680,380, about one-fifth coming from countries other than England at 35 per cent. The British preferential rate on celluloid collars and cuffs is 25 per cent, while the list referred to states that no manufactures of celluloid from Great Britain are taxed more than 5 per cent. The rate on cement is 8 cents per 100 pounds, instead of 5 per cent as stated; and this 8-cent rate is equivalent to approximately 25 per cent. Baskets are dutiable at 20 per cent instead of being free of duty. Rubber coats are dutiable at 22½ per cent instead of 15 per cent. Lead in pigs and blocks is dutiable at 10 per cent, in bars or sheets at 15 per cent, and in manufactured forms at 20 per cent, while the list states it as exempt from all duty.

United States tariff rates are in several instances incorrect. Our duty on tin plates is specific (1.2 cents per pound), and is equivalent to 42.33 per cent ad valorem, instead of 45 per cent. The rate of 75 cents per 100 pounds for wire can apply only to barbed wire, and is equivalent to 7.77 per cent ad valorem. The total imports of sugar into the United States during the year ended June 30, 1910, were admitted at an average ad valorem rate of 52.78 per cent, instead of the 80 per cent rate shown in the grange's list. Common, or laundry, soap, the grade referred to when the Canadian rate is stated at 65 cents per 100 pounds, enters the United States at 20 per cent instead of 50 per cent. Manufactures of celluloid enter the United States at 65 cents per pound plus 30 per cent, the duty being the equivalent of 55.45 per cent ad valorem in place of 60 per cent. Cement is dutiable at 8 cents per 100 pounds, instead of 10 per cent. The American rate is identical with the Canadian preferential rate when the specific duty is compared, but on our imports of cement the rate figures to but 22 per cent, while on Canadian imports it figures to 25 per cent. Salt in bulk is admitted at 7 cents instead of 11 cents per 100 pounds, and about two-fifths of our imports enter at the lower rate. Figs are dutiable at 2½ cents per pound, in place of 1 cent per pound plus 35 per cent. Jute bags are dutiable at seven-eighths cent per pound plus 15 per cent, which works out to 33.08 per cent ad valorem, instead of 45 per cent as stated in the list. The 45 per cent rate applies to "all other" manufactures of vegetable fibers. Cotton thread enters at an average ad valorem rate of 32.18 per cent, instead of at 45 per cent as listed. Our imports of gloves enter at an average ad valorem rate of 49.52 per cent, instead of 60 per cent. The lower grades of earthenware, such as farmers use to a great extent, are dutiable at 25 per cent, instead of 60 per cent. The maximum rate for hose is \$2 plus 15 per cent per dozen pairs, instead of \$5 plus 55 per cent. Window glass enters at an average rate of 49.67 per cent, instead of from 60 to 75 per cent. The average rate of glassware is 53.83 per cent, instead of from 50 to 100 per cent. The average rate on clocks and watches is 35.58 per cent, instead of 40 to 60 per cent. The rate on baskets is 35 to 60 per cent, instead of 45 to 60 per cent.

The list under discussion is premised with the statement that "the greater part of the manufactured goods imported into Canada come from Great Britain," and that therefore "it is only fair to take the rates of duty on British goods as the standard of comparison with our (the United States) tariff rates." The official Canadian import statistics, however, show that the greater part of Canada's imports of many of the leading items listed comes from the United States and pays duties much higher than those stated for comparison. Nearly nine-tenths of the furniture purchased by Canada, for example, comes from the United States, and is dutiable at 30 per cent instead

of 20 per cent as stated. Our own rate on furniture is but 35 per cent. Imports of furniture into Canada during the year ended March 31, 1910, were as follows:

From United States.....	\$851,077
From Great Britain.....	89,196
From other countries.....	54,107
Total.....	994,380

Common or laundry soap, the grade to which the Canadian rate quoted applies, is bought by Canadians mainly from the United States, and is taxed \$1 per 100 pounds instead of 65 cents. The \$1 rate is equivalent to nearly 18 per cent ad valorem and the proper United States rate is 20 per cent, the 50 per cent rate being erroneous. Canadian imports were:

From United States.....	\$191,404
From other countries.....	8,549
Total.....	199,953

Pianos bought by Canada come chiefly from this country and are taxed 30 instead of 20 per cent. The imports were:

From United States.....	\$282,457
From other countries.....	14,521
Total.....	296,978

Stoves used by Canadians, when from abroad, are largely of United States origin, as the following import figures show, and enter at 25 instead of 15 per cent:

From United States.....	\$480,927
From other countries.....	11,611
Total.....	492,538

The same is true as to sewing machines, the tax on the vast majority of imports being 30 instead of 20 per cent:

From United States.....	\$308,699
From other countries.....	19,550
Total.....	328,249

Four-fifths of the tinware taken by the Dominion is from America, and is taxed at 25 instead of 15 per cent:

From United States.....	\$232,071
From other countries.....	74,932
Total.....	307,003

Rubber boots and shoes entering from this country are taxed at 25 instead of 15 per cent, and our share in Canada's purchase is:

From United States.....	\$113,956
From other countries.....	1,887
Total.....	115,843

Three-fourths of Canada's imports of clocks come from the United States, and most of the remainder from Germany at the same rate of duty, 30 instead of 20 per cent:

From United States.....	\$294,982
From Germany.....	68,735
From other countries.....	49,417
Total.....	413,134

Two-thirds of Canada's imports of watches and parts of come from the United States at 30 per cent, and most of the remainder from Switzerland at the intermediate rate of 27½ per cent; the rate listed is 20 per cent.

From United States.....	\$669, 740
From Switzerland .....	264, 541
From other countries.....	112, 202
Total.....	1, 046, 483

Automobile farm trucks are mentioned. Automobiles are not distinguished by classes in the Canadian import figures, but the vast majority of all kinds comes from the United States at 35 instead of 22½ per cent:

From United States.....	\$1, 569, 227
From other countries.....	162, 988
Total.....	1, 732, 215

Out of \$163,720 worth of figs imported by Canada only \$10 worth enters at the 40 cents per 100 pounds rate quoted, the remainder being taxed 62½ cents per 100 pounds. The bulk of the dutiable wire imported by Canada is from this country. Nearly all of the lamp chimneys bought by Canada come from American sources and are taxed 32½ instead of 20 per cent, imports from the United States being \$161,079 out of a total of \$195,845. More than one-half of the oilcloths imported by Canada are from the United States and are dutiable at 30 instead of 25 per cent (the preferential rate should have been stated in the list at 20 per cent). Canada imports \$709,502 of lamps, etc., from the world, and of these \$548,861 are from the United States at 30 instead of 20 per cent. Nearly all of the axes and scythes bought by Canada are from this country at 22½ instead of 15 per cent. Nearly one-half of the hats imported by Canada are from America and dutiable at 35 instead of 20 per cent. About one-half of the agateware purchased by the Dominion is also from this country, and is taxed at 35 per cent instead of at the 22½ per cent rate given in the list presented by Ex-Gov. Bachelder.

The CHAIRMAN. Now, Maj. Griggs, will you proceed?

Mr. GRIGGS. I believe Mr. Bloedel wishes to make a short additional statement.

The CHAIRMAN. Mr. Bloedel, will you proceed? The committee will be glad to hear you or any of your party that want to be heard.

#### **ADDITIONAL STATEMENT OF MR. J. H. BLOEDEL, OF BELLINGHAM, WASH.**

Mr. BLOEDEL. Mr. Chairman and gentlemen of the committee: in my closing remarks on Monday I touched upon the fact that lumber was higher at the present time in Canada than in the United States. I referred more particularly to the lumber manufactured in British Columbia. I stated that my own firm is situated advantageously, with a view to shipping into Canada. It is just 20 miles south of the line, with a connection with the Canadian Pacific Railway, and therefore has facilities to distribute into Canada. We shipped last year about 800 cars into that territory. You may therefore ask the question, Why are we afraid of the removal of the protection? The reason is not that we are afraid of the immediate present; it is the future we dread.

For the immediate present the conditions are such that the demand in Canada for lumber is greater than their capacity to manufacture. The Province of British Columbia is as great, I think, as our north-western group of States. I mean by that, Washington, Idaho, a part of Montana, and Oregon; that is, our lumber-producing north-western group. The lumber product of British Columbia has not yet

been brought to a point where it is a large factor, even within itself. My latest data, and these are not very recent, show that the output of British Columbia was about 800,000,000 feet, I think, in 1909. That has not been increased since sufficiently to be a factor. It is only about one-tenth of the product of a similar area in the United States just south of the boundary, which, as I stated earlier in this hearing, was 7,500,000,000 feet for 1909.

The industry in British Columbia has only been scratched; it has not yet been developed. It has just been touched; and just as soon as you open to British Columbia the market of 90,000,000 of people, free to them, that industry is going to be not only fully developed, but probably in danger of being, as it has been on this side of the line, overdeveloped. I want to say to the gentlemen of the committee that the best lumber men in British Columbia are not favoring this reciprocity pact, for the reason that they fear just this very thing. That will mean in the future that we will have the competition of the Canadian raw materials, the Canadian cheaper cost of production, the Canadian cheaper cost of taxation, bearing no burdens of our Government, and with a free market value of 90,000,000 people to supply.

British Columbia has a coast line of many thousands of miles. I would not venture to guess how many, but, as you know, the coast line of British Columbia, with its numerous islands, is vast. It must be over 20,000 miles. Mills can be developed along that coast line at any number of points. They have the Canadian Pacific Railway, which comes into the United States at different points; they have the Northern Pacific Railway; they have the Great Northern Railway; they have all the means of reaching our market that we have.

It is therefore evident that the condition which maintains to-day on account of the phenomenal prosperity of Canada and its lack of a sufficient and adequate supply of lumber is not one that will maintain a year from now, or two years from now, or later than that. There is another point in this situation that must be considered when the Panama Canal is completed, and that I wish to touch upon in a few moments.

With reference to the cost of carrying timber in British Columbia and the comparative cost of carrying it in the State of Washington, I wish to say that in the State of Washington the average tax per acre on the timbered area is 80 cents per acre. The average tax on the British Columbia timber license is \$140 per year on 640 acres, which amounts approximately to 21 cents an acre, or one-fourth of the average tax in the State of Washington. There are, however, a great many grants or licenses in British Columbia which take a lesser tax. I have under consideration and have taken options on a tract of 7,880 acres in British Columbia, on which the annual license fee is 10 cents per acre, or a tax on that tract of \$788. In the United States about 60 miles from this tract I also own some timber, and on certain areas of this tract of land we have paid as high as \$2 an acre taxes. The 80 cents an acre tax that I refer to is the average of the timbered area in the State. In certain districts the tax is much higher than that, and of course in some districts lower. To carry those 7,880 acres in the State of Washington—20 miles south of the boundary line—would cost me, at the rate of taxation in that county, approximately \$6,000. That is not a single charge; that is an annual



tax. You can see the advantage, therefore, of being a manufacturer and holding British Columbia timber, and I say to you, gentlemen, in all candor, that my friends and I took this option with the view that if the reciprocity pact became a law it would be a splendid speculation, because the timber would advance rapidly. If it passes, we certainly shall conclude its purchase. If it does not pass I will say that it is a good investment for the future, and we shall probably close it anyway. It is a certainty that if the bill does pass the timber will be worth much more money than if it does not pass.

Now, with reference to the Panama Canal; I had the honor of preparing a short paper on the influence of the Panama Canal, when completed, on the lumber industry of the Pacific coast, which was read before the meeting of the National Lumber Manufacturers' Association in Chicago last week. In that paper I stated that the present freight rates from the Pacific coast to the Atlantic seaboard were so high that they were prohibitive of developing that market to any great extent. I have ascertained by inquiry among our coast lumber firms that from 5 to 10 per cent of the present mill product finds a market on the Atlantic seaboard. That is the better grade of lumber. It is only the lumber of the higher grades and in the specialty classes that can stand the present freight rates. Common lumber, of course, can not pay those rates. The trouble with the present railroad tariff is that it is a tariff by weight. The green lumber or the air-dried lumber, which is of a common grade, is much heavier than the kiln-dried and manufactured lumber, and the result is that where the high-grade flooring and ceiling and finished lumber takes an average rate of freight of \$15 and \$18 per 1,000 feet to the Atlantic seaboard, the common grades of lumber will take an average rate of from \$22 to \$25 per 1,000 feet. You see, therefore, that on the Atlantic seaboard the cost of our lumber to the retailer or to the consumer is just the same, whether it is the common grade or a higher grade. The result is the common grades have not found a market.

What I was getting at is that when the Panama Canal is completed it is estimated that we can get a freight rate of from \$7 to \$9 per 1,000 feet, delivered from ship's side in the seaports of the Atlantic coast, instead of from \$18 to \$24, the present rail rates.

We believe that that is going to develop our market very extensively, and we are jubilant over the prospects. I can tell you, gentlemen, that if it were not for this hope on the Pacific coast many of us would have abandoned the lumber field during the last four years. It is this hope that keeps us going. We feel that if we can reach this market, as I said, at a freight cost of between \$7 and \$9 that would give us an advantage, were it not for the danger of competition from British Columbia on the north. We are limited as to the transportation coastwise to American bottoms, and American bottoms can not transport for the same rate as foreign bottoms. I know of two charters that were let last fall—one for the American side, one for the Canadian side—both destined for the Atlantic seaboard. The Canadian charter was let for \$2 less than the American. Last week I interviewed a gentleman who has shipped some lumber by vessel from Tacoma to New York City by way of Cape Horn. He said he was offered in New York City the same charter from the Canadian side at \$3 less. He paid an average freight rate of \$12.

The sailing vessel, however, is a very slow means of transportation, as it takes nearly six months to bring a sailing vessel around, and the investment in the lumber, therefore, is such that the time taken offsets the freight advantages.

We estimate that when the canal is completed we can transport lumber in steamers adapted to the purpose in 21 days. It takes the railroads now nearly 44 days, so that we will not only have an advantage in rates, but in the time of transportation. We assume that when that time comes there will be distributing rates made from the Atlantic seaboard terminals, such as the Bush Terminal, Norfolk, Boston, and other points, whereby lumber may be transferred from ship to cars and shipped to points as far in the interior as Ohio, and possibly Indiana. We are looking forward to this development, but as Canada will enjoy the advantage of from \$2 to \$3 in the freight rates and the free market on this side of 90,000,000 people, you can readily see that the advantages accruing to us through the construction of the canal will be nullified.

Senator McCUMBER. If the rule is adopted that our ships will go through the canal without the payment of tolls, we will have an advantage over Canada in that respect, will we not?

Mr. BLOEDEL. Yes, sir.

Senator McCUMBER. It will be equivalent to the difference in the cost of transportation?

Mr. BLOEDEL. Not quite. We will have the advantage in the tolls.

Senator McCUMBER. That will depend on what the tolls are?

Mr. BLOEDEL. As I understand it, the Mann bill, as introduced, provides that the maximum canal tolls shall be \$1.50 per net registered ton. That would be from 90 cents to \$1 per 1,000 feet b. m. on lumber. If that toll is paid or eliminated by the United States Government, as proposed in the Mann bill or the Fordney bill, it will give us that advantage, but that will be only about one-half or one-third of what the advantage to Canada is. I should say that the duty of \$1.25, if retained, will maintain the equilibrium between the two sections. If that is removed Canada will have a distinct advantage. In this connection I want to say that we lumbermen on the coast, and in fact all shippers who expect to do a large shipping business through the canal, sincerely hope the Mann bill or the Fordney bill will become a law, and that the tolls on the canal will be either rebated or paid by the Government on American vessels between American ports. That will give us just that much advantage.

I think I have covered the subject pretty fully, but I again want to draw attention to my statement on Monday morning, that we are to-day selling common building lumber, which enters into the farmer's house and barn and outbuildings, for less money than we have at any time since 1902. My recollection of the business is—and I have a general recollection of the business as far back as 1890—that during that period lumber was never sold for less than it is to-day—that is, common lumber—except during the panic of 1904.

We are to-day selling common lumber at a price in the neighborhood of \$7.50 at the mill below the labor cost of producing it. If you want to take a coarser grade you can have it for less than that. The average cost for lumber is over \$8 just for the labor; not for stumpage, overhead charges, and taxes, but just the labor. I am now referring to the lower grades of lumber. We have higher grades of lumber, and these, as I stated to you Monday, have advanced.

In 1890 I remember buying flooring at about \$16 to \$18. It held that price until about 1902. Then the higher grades of lumber advanced, until to-day it is worth \$24 to \$25. But the proportion of flooring that enters into a house is small. There is no flooring in the construction of a barn. There is no necessity for any lumber in the construction of outbuildings except the ordinary grades, and these to-day on the Pacific coast are worth less money than at any time for the last 9 or 10 years. We lumbermen resent in most strenuous terms the feeling throughout the country that there is a lumber trust. We do not know anything about a lumber trust on the Pacific coast; we never did, and do not to-day.

Senator McCUMBER. You refer simply to the manufacturers of lumber?

Mr. BLOEDEL. I refer to the manufacturers of lumber on the Pacific coast.

Senator McCUMBER. Can you state that from your own knowledge with reference to either the wholesaler or retailer?

Mr. BLOEDEL. I am not familiar with the situation in that respect. I am testifying as a lumber manufacturer from the Pacific coast, and I want to limit my remarks to the Pacific coast.

I want to say further that in the State of Washington we are paying higher wages in the lumber mills and the lumber woods than they are in any other section of the United States; higher than in Wisconsin or in Minnesota; higher than in New Hampshire or Maine; higher than in Pennsylvania; higher than in the South; higher than in the Middle Western States—I refer to Arizona and Montana. We are paying more for our supplies that enter into the production of lumber, such as corn, which has to be shipped in, wheat, flour, beef, very little of which we produce and which has to come from the Middle States.

Senator CLARK. How do you compare with Canada in that respect for the same industry?

Mr. BLOEDEL. Our wages are about as high in the woods as they are in their woods. In our mills the wages are somewhat higher than the average in their mills. In Canada they employ more oriental labor than we do. We on the American side employ practically no oriental labor. We are at a disadvantage, paying more as we do for wages, paying more as we do for supplies that enter into our cost, paying higher taxes and carrying charges, and yet we are to-day selling lumber for less than any other lumber district in the United States. We are selling lumber not only for less than any other district in the United States, but I can say without fear of successful contradiction that we on the Pacific coast are making the cheapest lumber in the world to-day. There is no other district I know of that produces such cheap lumber. We are the ones who will be directly affected by the passage of the reciprocity bill; we are the ones who are directly interested. The South, so far as we know, is indifferent. The northern-pine interests are indifferent; but we on the Pacific coast feel this matter keenly, and we would like you to take that into consideration in your deliberations on this bill.

I think, Mr. Chairman, that covers what I have to say.

Senator McCUMBER. The Representatives of your State in Congress are fully cognizant of the effect of this treaty upon your industry and other industries there, are they not?

Mr. BLOEDEL. We have endeavored to inform them on the subject. Congressman Humphrey, I believe, voted against the reciprocity pact in the House.

Senator SIMMONS. What do you mean by saying that the South is indifferent? Do you mean it is indifferent as to whether its lumber shall be put on the free list or not?

Mr. BLOEDEL. I say that, so far as their immediate interests are concerned, they are not interested to the extent we are. They do not feel the keenness of the competition to the extent that we do.

Senator SIMMONS. In my State the lumber people are very much interested.

The CHAIRMAN. Is there anyone in your party who desires to be heard?

Mr. BLOEDEL. I think Maj. Griggs has a few remarks to make.

Senator WILLIAMS. One word. You say you are producing the cheapest lumber in the world now?

Mr. BLOEDEL. Yes, sir.

Senator WILLIAMS. That is your deliberate statement and opinion, is it?

Mr. BLOEDEL. I say with reference to the selling of the common grades of lumber.

Senator WILLIAMS. That is all I wanted to know.

The CHAIRMAN. The committee will hear Maj. Griggs now.

#### **ADDITIONAL STATEMENT OF MR. EVERETT G. GRIGGS, OF TACOMA, WASH.**

Mr. GRIGGS. Mr. Chairman, I think I have nothing further to add. I told the Senators I had some pictures of our actual operations, and I should be glad to leave them with the committee.

The CHAIRMAN. If you will leave them, the committee will be glad to look them over.

Senator HEYBURN. Will you explain as to the memoranda on the backs of the pictures?

Mr. GRIGGS. The pictures represent our operations in our own timber in our 20 years of operation, and were taken a week before I left. The one showing the "flying machine," as I told you in my remarks the other day, shows the latest device for handling a certain sized timber. That timber runs about 200,000 feet to the acre.

Senator GALLINGER. What kind of a machine is that?

Mr. GRIGGS. A "flying machine."

Senator GALLINGER. Do you mean to say that you handle your timber with a flying machine? Please explain it.

Mr. GRIGGS. It is a spar, 120 feet high, with cables running out, and is used in place of the old donkey engine and rope.

Here is another picture showing the stand of timber in our country; what is left in our present operation. In our 20 years of operation we have gone back and logged over some of our lands that we logged 20 years ago and taken off timber that at that time had no value.

Senator GALLINGER. Do you represent the mill that ex-Senator Foster is connected with?

Mr. GRIGGS. Yes, sir; Senator Foster is my partner.

I have a picture here showing that we cut right up to this line, and there was as pretty a stand of timber as I had ever seen. Of course, in our operations we are careful about fire, but after we had taken up our road a fire got into this timber and swept right over to the canyon of the Carbon Coal Co. and practically ruined that beautiful stand of timber.

Here is another picture showing timber that we could not reach 10 or 15 years ago. Our country is broken and very difficult to operate in. We have engines of 50 to 60 tons capacity, mountain climbers, as, of course, we have a broken country to work in—10 to 15 per cent grades. These two pictures represent timber we left 10 years ago because we could not reach it. I think the notes on the back will explain themselves. I shall be glad to leave these pictures with the chairman.

The CHAIRMAN. I think we will find them very interesting.

Senator McCUMBER. Congressman Helgesen, of North Dakota, is here and would like 5 or 10 minutes.

### ADDITIONAL STATEMENT OF J. H. BLOEDEL.

Mr. BLOEDEL. May I have a moment more? I may not have been understood when I said that we are selling the cheapest lumber in the world. I do not mean to have it inferred from that that we can produce the cheapest lumber; I say we are to-day selling it, not by virtue of our ability to do so, but by virtue of our necessity.

There is one other point that I want to touch upon that I overlooked. In the State of Washington the Forest Service reports show that less than one-half of the mills operating are getting the timber from their own lands. The rest are getting timber that they buy in the open market; that is, logs. The logging business is a business independent of the mill business. They would like to get the British Columbia logs from across the line, but on account of the Canadian restrictive policy against the exportation of these logs they can not get them. Voicing the sentiment of the State of Washington, I will say that if you will pass an amendment providing that this portion of the reciprocity pact is inoperative until the free exportation of saw logs from British Columbia is provided for all opposition on our part will be withdrawn. If this is not done the result will be that, with the cheaper timber on the Canadian side and the higher priced timber on the American side, as soon as these mills become aware of the situation they will gradually build over on the other side.

Senator HEYBURN. You spoke of producing the cheapest lumber in the world. Some members of the committee were not present when you explained that that was the farmer's lumber and that you recouped by the profits on your high-grade lumber.

Mr. BLOEDEL. Yes, sir.

Senator SMOOT. You referred to the lower grades of lumber?

Mr. BLOEDEL. The lower grades of lumber.

Senator McCUMBER. In other words, you are selling the lower grades absolutely at a loss?

Mr. BLOEDEL. We are.

Senator KERN. Why do you produce it?

Mr. BLOEDEL. We have to, because the tree as we cut it makes the various grades. If we do not produce it, we have to waste it.

Senator KERN. You do not lose any money on the wastage, do you?

Mr. BLOEDEL. If we did not utilize the wastage, that would be directly contrary to what we call conservation, and not only that—

Senator KERN. I am not speaking of conservation. From the money point of view, I say, you manufacture lumber and sell it at a loss?

Mr. BLOEDEL. We constantly manufacture lower grades of lumber and sell them at less than the average cost of production.

Senator KERN. At a loss?

Mr. BLOEDEL. At a loss.

Senator KERN. Do you ship lumber to Canada?

Mr. BLOEDEL. Yes, sir; we do.

Senator KERN. In large quantities?

Mr. BLOEDEL. We are shipping in considerable quantities right now.

Senator KERN. How long have you been doing this?

Mr. BLOEDEL. About one year now.

Senator KERN. Does the trade generally ship to Canada? Are there large quantities shipped from the State of Washington into Canada?

Mr. BLOEDEL. No, sir; not generally. It has been done during the years I have mentioned. During the year 1904 there was a panic in this country, and lumber was very low.

Senator SMOOT. What part of Canada do you ship to?

Mr. BLOEDEL. To the western Provinces, as far east as Winnipeg.

Senator KERN. How far from Winnipeg are you?

Mr. BLOEDEL. About 1,500 miles.

Senator KERN. How far north do you ship?

Mr. BLOEDEL. As far as Edmonton, which is about 400 miles north of the boundary line.

Senator GALLINGER. Has not the trade in those western Provinces been such that the Canadian mills have not been able to supply the demand?

Mr. BLOEDEL. That is the reason we are going in there. The Canadian mills are inadequate.

Senator KERN. Because of the tremendous demand for lumber?

Mr. BLOEDEL. Yes, sir.

Senator KERN. Do you meet the prices?

Mr. BLOEDEL. Yes, sir; we not only meet them, but have to undersell them. They have a 25 per cent ad valorem duty on the different grades of lumber.

Senator KERN. You pay that 25 per cent ad valorem duty and ship in there?

Mr. BLOEDEL. Yes, sir; that is the condition to-day.

Senator KERN. There are new mills constantly going up in Canada, are there?

Mr. BLOEDEL. Yes, sir.

Senator KERN. Had you thought of building a mill in Canada?

Mr. BLOEDEL. Yes, sir; in the future, I think, we will build a mill there.

Senator KERN. That would be a good investment, would it not—rather than pay the 25 per cent?

Mr. BLOEDEL. I think so. What we are asking is that if this bill becomes a law the duty be removed. That would be true reciprocity. The CHAIRMAN. The committee will now hear Mr. Helgesen.

**STATEMENT OF HON. H. T. HELGESEN, MEMBER OF CONGRESS  
FROM NORTH DAKOTA.**

Mr. HELGESEN. Mr. Chairman and gentlemen of the committee, I am not appearing before you this morning for the purpose of furnishing any expert testimony on the price of grain. You have probably heard all you care to hear about that, and all that is necessary. But I come here this morning for the purpose of calling your attention to a statement made here some time ago in regard to the difference in the price of grain in Canada and on this side.

That there has been a large margin of difference between the prices of wheat, flax, and barley in Canada and on this side no man who knows anything about the situation will dispute. The only question has been, Why has this been? Those of us who live along the northern border of this country and have received the benefit of that difference have always believed it was caused by a duty on foreign grain. Those who favor this proposition believe there is some other cause. That cause they were unable for a long time to set forth, but a reason was finally given by a man from North Dakota. You will remember Prof. Boyle, from the University of North Dakota, who came down here. He had evolved a very interesting theory that seemed to prove that the difference was not caused by the duty.

His theory was that it was caused by the fact that Canada had enacted hostile legislation that would prevent the country elevator from selling their daily purchases of grain to the millers and commission houses in Winnipeg to be delivered at some future date.

These local buyers of grain could, therefore, not hedge against loss caused by the manipulations of the market for speculative purposes in the terminal markets, and because of this hostile legislation it was necessary for the country elevators to buy their grain on a very large margin to protect themselves against this condition.

Now, if the professor's statement had been based upon fact it would have been a very important statement, but I was satisfied at the time that he was mistaken and that whatever laws may have been enacted in western Canada against gambling in "futures" could in no way affect the local buyers of grain or prevent them from selling their daily purchases to the legitimate buyers of actual grain. I do not believe and I do not think that you gentlemen—who I understand are mostly attorneys—believe that any law that would attempt to prevent the country elevators or local buyers from selling their grain to millers or exporters with the understanding that said grain was to be delivered at such terminals at a stipulated time would stand the test of the courts in any civilized country.

I have taken some trouble to find out whether Prof. Boyle's theory was based on fact or not, and I am here to give you the result of my investigation. His statement has been taken up by the newspapers of the Northwest and there has been a great deal made of it, saying that this was the only scientific explanation of the admitted fact

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that prices of grain have been lower in Canada than in the United States.

Senator McCUMBER. That is especially true of those who want to gamble in wheat?

Mr. HELGESEN. Just to show you how they are using those arguments in the Northwest, so that you may know what the facts are, I wish to read from the Grand Forks Daily Herald of May 27 an article quoted from the Minneapolis Journal:

In the arguments that have been used to array the farmers against Canadian reciprocity much has been made of the disparity between the price of wheat in Winnipeg and in Minneapolis and Duluth. It has been pointed out with great force that the primary markets in this State have been paying the farmers on the average 10 cents more a bushel for their wheat than Winnipeg was paying the Canadian farmers. This difference, it has been strongly argued, would instantly disappear with the adoption of reciprocity, and the Minnesota price level would sink to that of Manitoba. The fact that wheat prices have of late been on the decline has been ascribed to the reciprocity agitation, and it has even been positively asserted that merely the threat of reciprocity had been sufficient to beat down prices on this side of the line.

Prof. James D. Boyle, of the University of North Dakota, in his evidence before the Senate Finance Committee, gave a perfectly rational explanation of the difference in price level between Winnipeg and Duluth. These two markets should be on a parity, because each is a shipping point for export wheat, the Winnipeg quotations being for wheat ready to load at Port Arthur. The Minneapolis market is often forced to a higher point because of the strong local milling demand, millers being frequently willing to pay a premium for wheat in order to fill their contracts for flour. Prof. Boyle pointed out that until the middle of 1908 Winnipeg and Duluth were actually on a parity, and that the "spread" between them has come entirely since that time.

What caused the change? Was it the American tariff on wheat, as the opponents of reciprocity argue? On the contrary, there was good reason for the depression of prices at Winnipeg entirely apart from the question of the tariff. This reason was the passage of hostile legislation by the Manitoba Legislature. This legislation was directed against trading in futures, and it had the effect of disrupting entirely the Winnipeg Produce and Grain Exchange. It was forced out of business, and a voluntary organization known as the Winnipeg Grain Exchange took its place. Trading in futures was given up. Government elevators were also built in competition with the private ones.

The result of these changes was that Winnipeg grain dealers could no longer pay the prices they had hitherto paid. Elevators which had been accustomed to "hedge" by selling in futures against what they bought for cash had to give up this form of insurance against loss. They had to carry the risk themselves now, whereas formerly they had been able to protect themselves against it. Naturally that risk had to be paid for. It was paid for in lower prices for wheat. The Manitoba farmer is therefore paying insurance against loss to the agencies that gather and ship his wheat—an insurance that was before taken care of by the device of trading in futures.

Now, it is not necessary to read Prof. Boyle's testimony. I will just call attention to a few lines to show you that he took that position. On page 585 of the report he says:

The process of dealing in futures and hedging was abolished, as I understand it.

Senator WILLIAMS. Your idea is that the buyers, being forbidden by law to protect themselves by hedging, protect themselves by underbidding—bid at the lowest price?

Mr. BOYLE. By paying the farmer less for his wheat—insuring against loss by paying the farmer less.

Senator WILLIAMS. That gave themselves a larger margin?

Mr. BOYLE. Yes, sir; that is the explanation I submit.



On page 589 he says:

And that particular method of operating has been abolished in Canada, undoubtedly. There is no question about that; but that was the grievance that the farmers had in the first place. Now, it seems to me that there are these small disturbing factors, and then the large factor of destroying this matter of dealing in futures and preventing hedging would have the one effect of lowering the price of wheat which the farmer gets. There is no question that the men at the terminals who sell the wheat get the same prices that they would if it was in Duluth, but the man who suffers is the farmer. Say the price has been running there 10 cents or such a matter below our price. That is as I understand it; that is the best of my information on the subject.

Now, gentlemen, he undoubtedly had made a study of the situation and found the legislation that he spoke of and assumed that that legislation would prevent a man who was buying wheat—that is, the country elevator or local buyer who was actually handling the farmers' wheat—from buying it and selling his daily purchases to arrive to the miller, commission man, or exporter; and because he was thus prevented from "hedging" he had to buy on a very large margin in order to protect himself against the fluctuations of the market between the time he bought the grain and the time when he could deliver that grain at the terminal markets.

Senator McCUMBER. And he assumed further, did he not, that that would make a difference of 10 cents a bushel, and the American dealer would know that even if it made any difference at all it could not possibly make that difference?

Mr. HELGESEN. In order not to put my opinion against his—because it is not opinions that you want but the facts—I telegraphed to Winnipeg to find out the facts. I telegraphed to the secretary of the Chamber of Commerce or Board of Trade at Winnipeg, Manitoba. My telegram was as follows:

MAY 23, 1911.

SECRETARY OF CHAMBER OF COMMERCE OR BOARD OF TRADE,

*Winnipeg, Manitoba:*

We are informed that since 1908 Canadian antioption laws prevented country elevators from selling their daily purchases of grain in Winnipeg or other terminal markets, so as to hedge against loss by fluctuations in the market, thereby making it necessary to buy grain from farmers at a low price in order to protect themselves. Is this true? Wire full information at my expense.

H. T. HELGESEN,

*Member of Congress, Washington, D. C.*

And I got this in reply:

WINNIPEG, MANITOBA, May 23, 1911.

H. T. HELGESEN,

*Member of Congress, Washington, D. C.:*

Country elevators here sell daily purchases as hedge as a regular thing. No law preventing it. Exchange floor business here practically same as Minneapolis.

WINNIPEG GRAIN EXCHANGE.

Now, this bears out my theory that no such law has ever been passed in Canada. While I have not read the law, I am satisfied that their law is exactly similar to our antibucketshop law; it is for the purpose of preventing gambling in grain. But no law has been passed there that would prevent the selling of actual grain every day to the people who buy the actual grain, either the miller or commission man, and such statements as this, I believe, ought not to go unrefuted. If this statement had been true, it would have been a very impor-

tant one, but as it is not true I think you gentlemen ought to know that it is not, because a statement that is conceived in ignorance and founded on falsehood ought not to go on record here undisputed. I do not think there is anything in it at all. I believe, and have believed all the time, that the Winnipeg grain men—that is, the country elevator men—have had an opportunity of selling their daily receipts just exactly as they do here, and I was simply anxious that this should go into the record, so that you could understand the situation and would not give undue weight to a statement that is absolutely founded on false understanding of the laws that they passed in Canada, which he says were antagonistic to the grain trade.

I think that is all I care to say.

Senator KERN. To whom did you telegraph?

Mr. HELGESEN. Not knowing the name of either grain body up there I telegraphed to the secretary of the chamber of commerce or board of trade. I got a reply from the Winnipeg Grain Exchange—that is what they call it up there. It is the same kind of a body as our Board of Trade, only they have a different name than we have for it.

Senator KERN. I understand you to say that no such law as referred to by Prof. Boyle has been enacted?

Mr. HELGESEN. No law that would have the effect they claim it would have.

Senator KERN. That is another argument; that is, what the effect of it is. You say that no such law as that has been enacted.

Mr. HELGESEN. No law preventing a country elevator from selling his daily receipts has been passed in Canada.

Senator KERN. Is there any bucket-shop law there?

Mr. HELGESEN. I presume there is, similar to our bucket-shop law.

Senator KERN. Have there been other enactments there, too?

Mr. HELGESEN. No; nothing that would cover the selling of daily receipts.

Senator KERN. Have there been any enactments on the subject of elevators selling futures?

Mr. HELGESEN. Well, there has been no law passed in Canada that would affect the selling of actual grain.

Senator KERN. That is another argument, of course.

Mr. HELGESEN. That is what affects this case—dealing in futures may be the buying of options where no grain is involved. But what we are interested in and what the farmer is interested in and what you are interested in is whether the country elevator has ever been prevented from selling his daily purchases in the legitimate markets of Canada, and no such law has been passed in Canada.

Senator McCUMBER. Your telegram states that not only is that the practice now, but that it has been the practice right along.

Mr. HELGESEN. I gave him the time. He said there has never been a time. I will say that day before yesterday I talked with a man from Canada and I asked him with regard to it and he said, "There has never been a time in Canada when the country elevator could not sell during the day his daily receipts and therefore hedge against loss in the speculative markets." That is the only question you are interested in here.

Senator KERN. Did he speak of Canada as a whole or particularly as to several Provinces?

Mr. HELGESEN. He spoke of the northwest, because that is where he lives. As far as Winnipeg and Port Arthur and Fort William are concerned, and, of course, farther east than that we are not so much interested as we are on the wheat question. But I think as attorneys you will agree that any law to prevent a man from selling his daily purchases would never stand the test in any court in a civilized country in the world. That is the only question we are interested in, and that was the question upon which Mr. Boyle based his argument in accounting for the difference in the price of grain in Canada and on this side.

Senator KERN. He spoke of several factors, did he not, as producing a difference?

Mr. HELGESEN. The other factors were so small that he himself said he did not think that they would cut much figure, but he thought that this one matter of being prevented from hedging against loss compelled them to buy at a very large margin. Now, there has never been a time when they needed to protect themselves in any other way than that permitted by the laws of Canada.

Senator KERN. How do you account for the difference in the price of wheat as between Minneapolis and Chicago?

Mr. HELGESEN. As I understand, you have here a paper on that, and I have not given the matter sufficient thought to go over that matter again and illuminate it any more than it has been. I simply put this question up because I was satisfied that he was wrong in his statement. I do not believe that he made the statement intentionally, but assumed that any legislation that would prevent dealing in futures would affect the price of actual grain bought and sold by the country elevators, and on that question I am satisfied that he was wrong.

I thank you, gentlemen.

The CHAIRMAN. The committee will now hear from Gov. Bachelder.

#### STATEMENT SUBMITTED BY SENATOR WILLIAMS.

Senator WILLIAMS. Mr. Chairman, during the hearing some witness, whose name I have forgotten now, but the record will show it, referred to what he stated to be a fact, that the beet-sugar industry had been injured by the Cuban reciprocity, and gave a pathetic account of his experience in reciprocity already, giving some Michigan factories. I wrote to the Department of Commerce and Labor and also to the Department of Agriculture to send me the figures upon that subject, and I shall ask to put on record the part that I have marked here—"Beet sugar," on page 4 of a publication of the Department of Commerce and Labor, Bureau of the Census, dated March 20, 1911, this being a response, or part of the response, of the Bureau of Commerce and Labor. Also the part marked relating to the State of Michigan, where he stated his beet-sugar factory was situated, on page 5 of the same pamphlet.

Also the part marked, which is below, on page 5, referring to the increase of 557 per cent in the value of products. In response, the

Secretary of Agriculture sent me various bulletins, marking the pages which bear out these reports substantially, and then added that he had no figures for 1911 collected by the Department of Agriculture, but that he had the estimates of Willett & Gray's Sugar Trade Journal, New York City, which he sent on. I will ask that the latter be inserted, and I ask, also, that these two pages, American and Canadian beet crop estimates for 1905 to 1911, covering the period prior to the Cuban reciprocity and after it—two years prior and the balance after it—be inserted as part of the response of the Department of Agriculture.

They all show the same thing. This man was stating that he had been ruined by reciprocity and the beet-sugar industry would be ruined by it. I thought at the time that if his mill had gone down it was because it was badly capitalized, badly organized, and badly managed, or something else. I know that the beet-sugar industry thrives and prospers, and I thought I would inquire into the matter. I did not want to make a witness of myself by giving my own recollection or impression. I ask that this also go into the record.

The CHAIRMAN. The articles referred to will be inserted in the record.

(The papers referred to by Senator Williams are as follows:)

#### BEET SUGAR.

Beet sugar constitutes, at this time, a large proportion of the total sugar production of the world. Its manufacture in the United States is comparatively new, as it had scarcely emerged from the experimental stage prior to 1880. Much interest is now manifested in the industry and its further development in this country seems assured. Comparative figures for acreage planted and beets used for the censuses of 1909, 1904, and 1899 are shown in the following statement:

*Acreage planted and production of beets—Comparative summary: 1909, 1904, and 1899.*

	Census—			Per cent of increase, 1899 to 1909.
	1909	1904	1899	
Number of establishments.....	65	51	30	117
Acreage planted and beets used:				
Total—				
Acres.....	416,000	240,800	135,300	207
Quantity (tons).....	3,965,300	2,175,400	794,600	399
Average quantity per acre (tons).....	9.5	9.0	5.9	61
Grown directly by factory—				
Acres.....	29,500	20,500	10,200	189
Quantity (tons).....	266,800	169,800	23,200	1,050
Average quantity per acre (tons).....	9.0	8.3	2.3	291
Grown by tenants of factory—				
Acres.....	18,200	20,200	13,100	39
Quantity (tons).....	163,800	210,300	95,100	72
Average quantity per acre (tons).....	9.0	10.4	7.3	23
Grown on contract by others than tenants of factory—				
Acres.....	368,300	200,100	112,000	229
Quantity (tons).....	3,634,700	1,795,300	676,300	428
Average quantity per acre (tons).....	9.6	9.0	6.0	60

The number of establishments engaged in the manufacture of beet sugar increased during the decade 117 per cent; the number of acres planted in beets increased 207 per cent; the quantity of beets produced, 399 per cent; and the average production per acre, 61 per cent.

The quantities and values of the different products manufactured are presented by States for the censuses of 1909, 1904, and 1899 in the following statement:

State.	Year.	Estab- lish- ments (num- ber).	Products.							
			Total value.	Sugar.				Molasses.		All other prod- ucts (value).
				Granulated.		Raw.		Gallons.	Value.	
				Tons.	Value.	Tons.	Value.			
Michigan...	1909	16	\$10,477,000	108,900	\$9,757,000	600	\$41,000	5,016,700	\$337,000	\$342,000
	1904	19	5,378,000	60,000	5,184,000	2,000	120,000	1,081,100	22,000	52,000
	1899	9	1,602,000	16,400	1,561,000	500	39,000	321,100	1,000	1,000

The increase in the number of establishments during the decade does not correctly represent the development of the industry, as the value of products increased from \$7,324,000 to \$48,122,000, or 557 per cent. The quantity of granulated sugar increased from 57,900 tons to 496,800 tons and the value from \$5,581,000 to \$45,646,000. Raw sugar sold as such decreased in quantity, which indicates that the manufacturers are now refining a larger percentage of their sugar output than previously.

*American and Canadian beet crop estimates, 1905-1911, as reported in Willett & Gray's Weekly Statistical Sugar Trade Journal, New York City.*

#### AMERICAN BEET CROP ESTIMATES.

States.	1905-6		1906-7		1907-8	
	Factories operated.	Sugar pro- duced.	Factories operated.	Sugar pro- duced.	Factories operated.	Sugar pro- duced.
		<i>Tons.<sup>1</sup></i>		<i>Tons.<sup>1</sup></i>		<i>Tons.<sup>1</sup></i>
Michigan.....	17	54,635	16	79,189	16	78,078
Wisconsin.....	3	11,950	4	16,071	4	12,571
Ohio.....	1	4,026	1	3,679	( <sup>2</sup> )	.....
Nebraska.....	2	9,379	2	13,212	( <sup>2</sup> )	.....
Colorado.....	12	93,253	15	153,295	16	183,345
Utah.....	5	21,337	5	36,530	5	39,720
Idaho.....	3	13,435	4	25,418	4	27,715
California.....	6	64,251	8	79,464	8	63,947
Illinois.....	1	550	1	714	10	35,924
Minnesota.....	.....	2,750	1	3,661		
Iowa.....	.....	.....	.....	.....		
Montana.....	.....	.....	1	6,696		
Kansas.....	.....	.....	1	6,257		
Arizona.....	.....	.....	1	490	10	35,924
Oregon.....	1	1,595	1	1,807		
Washington.....	1	2,321	1	2,282		
New York.....	1	4,235	1	4,295		
Total.....	53	283,717	63	433,010	63	440,200

<sup>1</sup> Tons of 2,240 pounds.

<sup>2</sup> Included in list of single-factory States.

<sup>3</sup> States having only a single factory.

*American and Canadian beet crop estimates, 1905-1911, etc.—Continued.*

AMERICAN BEET CROP ESTIMATES—Continued.

States.	1908		1909-10		1910-11	
	Factories operated.	Sugar produced.	Factories operated.	Sugar produced.	Factories operated.	Sugar produced.
		<i>Tons.<sup>1</sup></i>		<i>Tons.<sup>1</sup></i>		<i>Tons.<sup>1</sup></i>
Michigan.....	16	79,597	16	93,934	17	116,315
Wisconsin.....	4	16,964	4	16,518	4	16,786
Ohio.....	( <sup>2</sup> )		( <sup>2</sup> )		2	9,902
Nebraska.....	( <sup>2</sup> )		( <sup>2</sup> )		2	7,082
Colorado.....	15	103,159	16	129,882	14	92,180
Utah.....	5	40,828	5	42,187	5	34,389
Idaho.....	4	23,353	3	17,851	3	12,740
California.....	9	88,347	10	113,744	8	129,950
Illinois.....	10	31,782	11	36,479	8	35,876
Minnesota.....						
Iowa.....						
Montana.....						
Kansas.....						
Arizona.....						
Oregon.....						
Washington.....						
New York.....						
Total.....	63	384,010	65	450,595	63	455,220

CANADIAN BEET CROP ESTIMATES.

Provinces.	1905-6.		1906-7		1907-8	
	Factories operated.	Sugar produced.	Factories operated.	Sugar produced.	Factories operated.	Sugar produced.
		<i>Tons.<sup>1</sup></i>		<i>Tons.<sup>1</sup></i>		<i>Tons.<sup>1</sup></i>
Ontario.....	2	9,356	2	9,279	2	6,027
Alberta.....	1	2,063	1	2,068	1	1,916
Total.....	3	11,419	3	11,367	3	7,943

Provinces.	1908-9		1909-10		1910-11	
	Factories operated.	Sugar produced.	Factories operated.	Sugar produced.	Factories operated.	Sugar produced.
		<i>Tons.<sup>1</sup></i>		<i>Tons.<sup>1</sup></i>		<i>Tons.<sup>1</sup></i>
Ontario.....	1	5,179	2	7,232	2	7,235
Alberta.....	1	1,785	1	1,570	1	7,536
Total.....	2	6,964	3	8,802	3	7,771

<sup>1</sup> Tons of 2,240 pounds.

<sup>2</sup> Included in list of single-factory States.

<sup>3</sup> States having only a single factory.

<sup>4</sup> Eleven States each having only a single factory, except Nebraska, having two, of which one is closed.

DEPARTMENT OF AGRICULTURE,  
OFFICE OF THE SECRETARY,  
Washington, May 23, 1911.

MY DEAR SENATOR: I have the pleasure of acknowledging receipt of your request of the 18th instant for statistics of the number of beet-sugar factories in the United States, their capacity, annual output, beet and beet sugar prices, etc.

Under separate cover there has this day been sent you reports of this department, Nos. 82, 84, 86, 90, and 92, entitled "Progress of the Beet-Sugar Industry

of the United States," wherein, on indicated pages, may be found statistics of the number of factories, their location, daily slicing capacity, output, etc., in the United States each year, 1905-1909. Corresponding data for 1910 has not yet been published by the department.

The only data I am able to furnish you on the 1910 crop are the inclosed estimates of Willett and Gray's Sugar-Trade Journal, New York City. In order that you may have comparable figures, I am sending their estimates for the past five years.

As to prices, sugar beets are, as a rule, raised under contract with the factories at a price of approximately \$5 per ton. Willett and Gray, speaking of contracts at the Rocky Ford, Colo., factory the coming season, say "Besides the sliding scale of \$5 for 12 per cent beets and 33½ cents differential per 1 per cent up or down, this company offers a rate of \$5.50 for all beets testing less than 16 per cent and \$6 for beets testing over 16 per cent. The Sugar City, Colo., factory is offering to pay \$5 for 12 per cent beets and a 25-cent differential. The new factory at Brighton offers to pay \$5 per ton for beets.

No comprehensive statistics of prices of beet sugar as differentiated from cane sugar are of record in this department.

Very respectfully,

JAMES WILSON, *Secretary.*

HON. JOHN SHARP WILLIAMS,

*United States Senate, Washington, D. C.*

### STATEMENT OF HON. N. J. BACHELDER, OF CONCORD, N. H.

Mr. BACHELDER. Mr. Chairman and members of the committee: Before Messrs. Allen & Graham are called upon to testify before your honorable committee I wish to submit a brief statement of their relations with the National Grange.

Shortly after my election as national master in 1905, I realized the necessity for expert assistance in the work of our legislative committee on behalf of the various national legislative policies advocated by our order, and as I had known that Messrs. Allen & Graham were qualified to advise and assist us in this work, we have at various times called upon them to aid us in the preparation of petitions, arguments, and so forth, relating to such matters as the denatured alcohol law, parcels post, good-roads legislation, and the anti-oleomargine law. Their services have been wholly confined to giving assistance of this kind, and they have never appeared as our representatives before any committee of Congress.

In order that you may have a better understanding as to the nature of the National Grange I would explain that it is the national organization of the Patrons of Husbandry, which was founded 42 years ago and is now organized in the following 29 States: California, Colorado, Connecticut, Delaware, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Maine, Maryland, Massachusetts, Michigan, Minnesota, Missouri, Nebraska, New Hampshire, New Jersey, New York, Ohio, Oregon, Pennsylvania, Rhode Island, South Dakota, Vermont, Washington, West Virginia, and Wisconsin.

The unit of the order is the local grange, composed of the farmers in one community. The Pomona Grange includes all the local granges in a county; the State grange comprises all the granges of a State, and the National Grange is composed of the representatives of all the State granges.

During the period between the annual meetings of the National Grange, which are held in November of each year, the administration of the order is in the hands of the executive and legislative committees, composed at present of the masters of the New York. Indi-

ana, Missouri, Delaware, and West Virginia State granges, and the national master.

I would say here that Mr. Jones, of Indiana, master of the Indiana State Grange, and Mr. Atkeson, of West Virginia, comprising the legislative committee, were here on Monday to answer any questions that this committee saw fit to ask them, but they were obliged to return to their homes yesterday.

When the Canadian reciprocity agreement was made public, I immediately wired the other members of our legislative committee to meet me in New York City, and asked Messrs. Allen & Graham to confer with us. At this meeting it was decided to appeal to all the local granges to use their influence against such a manifestly unjust attack on the farming interests, and a letter which I had drafted before leaving home was revised and approved. A form of petition to be sent with the letter was also drawn up, and the letter and petition were sent to every local grange in the country. From time to time other literature, copies of which I have here, was printed and sent out to the various granges and to other farm organizations. This literature was prepared at meetings of our executive and legislative committees, in consultation with Messrs. Allen & Graham. The statements presented by myself before your committee on two occasions were submitted to the State masters of 12 or 15 State granges, and were revised in accordance with their views. In addition to these leaflets and addresses, there have been sent out 7,000 copies of the Canadian reciprocity agreement, with the President's letter urging its adoption, which were mailed under Senator Gallinger's frank, and 25,000 copies of the speech of Senator McCumber in opposition to reciprocity.

I wish to make it as emphatic as possible that Allen & Graham have acted wholly under the direction of our legislative and executive committees.

I have put this statement in writing because I believe that the summoning of Messrs. Allen & Graham before your committee has been instigated by the newspapers for the sole purpose of trying to discredit the National Grange and its representatives who appeared before you to protest against the reciprocity scheme, by sending out garbled reports of any testimony that might be given. You saw and heard these men, representing, as they did, the State granges of 25 States; you subjected them to a close examination, and I submit that their testimony was conclusive proof of the genuine sentiment of the farmers against reciprocity. Do you suppose for a moment that any outside interest could have induced these men to come here in favor of reciprocity or any other measure that they did not believe in?

And here I want to make a most explicit denial of charges widely circulated by the newspapers to the effect that the farmers' movement against reciprocity was instigated by what is called "Wall Street" influences. I have already denied these charges in letters to the newspapers, which they have unanimously refused to publish. I say here and now that these charges, no matter by whom made, are false and slanderous. Less than an hour after I learned the general purpose of the reciprocity agreement I took action to have the grange oppose it, and an interview stating the grange attitude was given out to the newspapers as soon as our legislative committee could meet. If "Wall Street" has used any influence in this matter



it has been in favor of reciprocity, for I find that petitions urging the adoption of the agreement have been sent to Congress by the New York Stock Exchange, the New York Chamber of Commerce, the New York Produce Exchange, and the New York Board of Trade, representing all of the great financial and commercial interests of that city.

I apologize for taking your time with what may seem to be a personal matter, but the honor of the great farm organization with which I have been so long identified has been attacked, and I am here to assert that its action in this matter has been open and above-board and in accord with the unanimous wishes of its members. It was the duty of the National Grange to defend the farmers' interests; we had a perfect right to employ competent persons to assist us in our work, and I resent, as I would any other insult, the insinuations made by newspapers working solely in the interest of their bank accounts.

I thank you, gentlemen, for giving me the opportunity of making this statement. I have here copies of all the literature that has been sent out by the National Grange on this subject from Concord, N. H., in preparation of which we had the assistance of Messrs. Allen & Graham.

Senator GALLINGER. Governor, did I correctly understand you to say that you had written articles denying the correctness of certain charges made against the grange, and that you did not succeed in getting them published in the newspapers to which you sent them?

Mr. BACHELDER. I have; and along that line it may be, perhaps, proper for me to say that after returning from the hearing before the Finance Committee at the previous session of Congress I went to a paper in my town, to which I had contributed articles for 20 years, and said: "Here is a copy of the argument that I made before the Finance Committee of the Senate." They said: "We are sorry that we can not print it." That is only a small, concrete example of the experiences I have had, or which we have had, in trying to get matters into the papers.

Senator STONE. I desire to ask the governor a few questions. What is the membership of the National Grange at this time?

Mr. BACHELDER. It is in the vicinity of a million. I do not know the exact membership, but it is practically a million.

Senator STONE. You say there is a grange organization in the Northwestern States?

Mr. BACHELDER. There is to some extent, as I have stated in my paper.

Senator STONE. How many men belong to the grange organization of which you are the national head in Minnesota?

Mr. BACHELDER. I could not say.

Senator STONE. Are there any?

Mr. BACHELDER. Yes, sir.

Senator STONE. Are you sure there is an organization in the State?

Mr. BACHELDER. Yes, sir.

Senator STONE. In North Dakota?

Mr. BACHELDER. Not in North Dakota.

Senator STONE. In South Dakota?

Mr. BACHELDER. Yes, sir; in South Dakota.

Senator STONE. How many men are members—men and women—of the grange in South Dakota?

Mr. BACHELDER. I can not say.

Senator STONE. Have you any means of ascertaining the membership in these 29 States?

Mr. BACHELDER. Not the exact membership, for the reason that in some years there are members who pay their dues, and in other years they will not pay. We know the number that pay their dues in any one particular year in the country, but they may not be the same ones who paid their dues the year previous.

Senator CLARK of Wyoming. They fluctuate in membership.

Senator STONE. Have you a fixed time for the payment of dues?

Mr. BACHELDER. We have.

Senator STONE. What month?

Mr. BACHELDER. The dues to the National Grange are paid to June 30; that is the time the computation is made for the dues to be paid.

Senator STONE. Who pays the dues to the National Grange?

Mr. BACHELDER. The treasurer of the State Grange.

Senator STONE. He collects it from the local Grange. Is it a per capita contribution?

Mr. BACHELDER. It is a per capita contribution.

Senator STONE. The treasurer of the State Grange, therefore, would know how many individuals had contributed for a given year?

Mr. BACHELDER. He would.

Senator STONE. Would he report that to the National Grange?

Mr. BACHELDER. He would, so far as the proportion of the dues to which the National Grange was entitled was concerned, and that would indicate the membership for the National Grange receives 5 cents a year—

Senator STONE. To whom does he send those moneys?

Mr. BACHELDER. To the treasurer of the National Grange.

Senator STONE. Who is he?

Mr. BACHELDER. It is Mrs. E. S. McDowell, of Wellesley, Mass.

Senator STONE. Would Mrs. McDowell keep a record of the amount received from each State grange?

Mr. BACHELDER. Absolutely.

Senator STONE. She would be able, therefore, to inform you of the amount received from each State?

Mr. BACHELDER. She does it, and it is published in our proceedings.

Senator STONE. In your proceedings?

Mr. BACHELDER. Yes, sir.

Senator STONE. Do you mean by your proceedings the proceedings at the meeting of the National Grange?

Mr. BACHELDER. The meeting of the National Grange.

Senator STONE. You had a meeting recently, had you not?

Mr. BACHELDER. We had a meeting last November.

Senator STONE. Well, by reference to those proceedings you could show the membership from each State at that time.

Mr. BACHELDER. We could show the paid-up membership.

Senator STONE. I am speaking of the paid-up membership.

Senator GALLINGER. I want to ask you a question on that point. You do not immediately drop your members if the dues are not paid on the precise date on which they become due, do you?

Mr. BACHELDER. By no means. They are carried along for years.

Senator STONE. You mean carried along on the books, but they are not active members unless they have paid?

Mr. BACHELDER. All they have got to do is to pay their back dues to be active members.

Senator STONE. To be sure. But you do not count them as part of your membership if they are delinquent?

Mr. BACHELDER. We do when we make the statement.

Senator STONE. Have you ever dropped them from your rolls?

Mr. BACHELDER. Sometimes.

Senator STONE. Rarely, or is it the rule to drop them when they are delinquent?

Mr. BACHELDER. No, sir; there is no rule about it. That is in the hands of the subordinate granges—the local granges.

Senator STONE. Can you furnish this committee with a statement of the paid-up membership in each State at the date of your last meeting of the National Grange?

Mr. BACHELDER. I can do it.

Senator STONE. Will you do it?

Mr. BACHELDER. I will do it.

Senator STONE. When?

Mr. BACHELDER. As soon as I arrive home. I have not those figures here.

Senator STONE. Well, can you do it within the next three or four days?

Mr. BACHELDER. Yes, sir.

Senator STONE. I desire a statement differentiating between the paid members and the unpaid members. Do you know what the membership is in the State of Indiana, for example?

Mr. BACHELDER. No, sir. I can not recall it from memory.

Senator STONE. Mr. Aaron Jones is the master of the State Grange of Indiana, is he not?

Mr. BACHELDER. He is. He was here on Monday.

Senator STONE. Yes; you stated that. Do you know Mr. Charles W. Burkett?

Mr. BACHELDER. I do.

Senator STONE. Is he a member of the grange?

Mr. BACHELDER. I think he is at the present time. He has been out for several years, but I think he is one of the paid-up members now.

Senator STONE. I find a communication from him of date December 3, 1910, in Orange-Judd Farmer—

Mr. BACHELDER. He is the editor.

Senator STONE. He is the editor?

Mr. BACHELDER. Yes, sir.

Senator STONE. Wherein he says this, among other things, "Indiana, with scarcely more than a thousand members, has a smaller membership than reported a decade ago." Is that true?

Mr. BACHELDER. I can not say without referring to the records whether it is true or not.

Senator STONE. I would like to have you refer to the record and answer whether that is true.

Mr. BACHELDER. Yes, sir.

Senator STONE. I would like also to have you state the membership in the States of Illinois and Missouri particularly.

Mr. BACHELDER. I can not state the membership in any State from memory.

Senator STONE. Well, when this statement that you have promised to make up is made up and sent here, I would like to have it appear whether in the great State of Illinois there are more than about 2,500 members.

Mr. BACHELDER. I could not state.

Senator STONE. And in the great agricultural State of Missouri whether there are over 1,700 members. I will ask you whether a large number of people who are not farmers are members of the grange?

Mr. BACHELDER. Well, I do not think I would say a large number. I will say that there are some people who are members of the grange who are not farmers.

Senator STONE. I will ask you to ascertain, if you can, and include in the statement you are to send here whether of the 1,700 members of the Missouri State Grange the greater proportion by far is not made up of women, children, and people who are not farmers—men, I mean, who are not farmers.

Senator GALLINGER. You do not expect him to get that information in three or four days, do you?

Mr. BACHELDER. I do not see, Senator, how I could ascertain that without making an investigation in each subordinate grange in Indiana.

Senator GALLINGER. Of course you could not.

Senator STONE. I would like to know whether the Missouri Grange comprises more than about 400 farmers in the whole State, and I will ask you if the grange in Indiana, Illinois, and Missouri—and those of the great central agricultural States—is not smaller now than it was 4 or 5 or 6 or 7 years ago?

Mr. BACHELDER. I can say that it is not smaller now than it was 5 or 6 or 7 years ago.

Senator STONE. You say it is not smaller?

Mr. BACHELDER. Not smaller.

Senator STONE. Is it smaller than it was 10 years ago?

Mr. BACHELDER. No; I do not think it is.

Senator STONE. At the suggestion of Senator Kern, I will ask you if 10 or 15 years ago the membership of the grange in Indiana did not approximate 15,000 active members?

Mr. BACHELDER. I could not state in regard to that.

Senator STONE. And if it has not decreased under your administration and that of your immediate predecessor to about 1,000 in the State?

Mr. BACHELDER. I do not think that is true.

Senator STONE. Well, I would be glad if you would ascertain whether it is true and let us know.

Mr. BACHELDER. All right.

Senator STONE. How long has the firm of Allen & Graham been in the employ of the National Grange?

Mr. BACHELDER. Since about the time I became master, in 1905.

Senator STONE. Had they served the grange in any capacity under Mr. Aaron Jones's administration?

Mr. BACHELDER. I am not sure about that; I can not be positive.

Senator STONE. Are they members of the grange?

Mr. BACHELDER. They are not.

Senator STONE. How long had you known these gentlemen before you employed them?

Mr. BACHELDER. Why, perhaps a couple of years.

Senator STONE. How did you become acquainted with them?

Mr. BACHELDER. I became acquainted with them through the efforts to pass the bill providing for denatured alcohol.

Senator STONE. Were you interested in the passage of that bill as the master of the National Grange?

Mr. BACHELDER. Yes; because the National Grange was interested in its passage.

Senator STONE. What was the interest of the National Grange in that bill?

Mr. BACHELDER. It was fully discussed at the time in the National Grange as a means to provide cheaper material and to make a market for farm products in the manufacture of alcohol.

Senator STONE. Did you go to Allen & Graham or did they come to you in the first instance?

Mr. BACHELDER. In regard to that matter?

Senator STONE. Yes, sir; that was the first matter about which you conferred with them, as you say?

Mr. BACHELDER. I do not think I can recall that fact. As far as this reciprocity matter is concerned, my mind is very clear, and that was the question that we were considering and we did not know that the denatured alcohol matter was to come up.

Senator STONE. Were they interested for the grange otherwise than in the denatured alcohol bill?

Mr. BACHELDER. I do not know, but I presume they were.

Senator STONE. Did you pay them for that service?

Mr. BACHELDER. Am I required to go into the details in regard to that?

Senator STONE. You are not under oath, Governor, and you can exercise your own judgment and privilege as to whether you answer.

Mr. BACHELDER. I will say that we did not pay them.

Senator STONE. Do you know who did pay them?

Mr. BACHELDER. No; I do not.

Senator STONE. Have you had any information as to who were cooperating with you through Allen & Graham?

Mr. BACHELDER. I have not.

Senator STONE. Have you been informed that they received a large fee from other large interests in connection with that bill—

Mr. BACHELDER. I never have.

Senator STONE. For work on that bill?

Mr. BACHELDER. I never had any information upon that subject.

Senator STONE. What was the next matter about which you conferred with them and upon which you employed them?

Mr. BACHELDER. I think the next matter was the good roads proposition.

Senator STONE. Did you go to them about that or did they come to you?

Mr. BACHELDER. I think we went to them about it.

Senator STONE. Whom do you mean by "we"?

Mr. BACHELDER. The legislative committee of the National Grange.

Senator STONE. Did you, personally?

Mr. BACHELDER. I think I did.

Senator STONE. Can you tell who went with you?

Mr. BACHELDER. Well, I think it was Mr. Norris, of New York, and Mr. Aaron Jones, of Indiana.

Senator STONE. Was legislation pending here in Washington to promote good roads, and was that the matter about which you engaged them?

Mr. BACHELDER. That was the matter.

Senator STONE. Did you pay them for the service they rendered you here in Washington in promoting that enterprise?

Mr. BACHELDER. I do not think I will answer that question, unless I am obliged to.

Senator STONE. You are not obliged to, at least I shall not insist upon it. Do you know whether other interests paid them large fees for their services in this—

Mr. BACHELDER. I do not.

Senator STONE. The automobile interest?

Mr. BACHELDER. I think they paid them something.

Senator STONE. Who paid them something? The manufacturers of automobiles?

Mr. BACHELDER. I think the manufacturers of automobiles. The campaign was carried along in the name of the grange. It was the grange campaign, and the grange accepted the funds to help meet the expenses from whatever source they came legitimately.

Senator STONE. In other words, the grange was used as a shield for the manufacturers who were prosecuting this enterprise?

Mr. BACHELDER. No. On the contrary, the manufacturers helped finance the grange campaign for good roads.

Senator STONE. That is another way of stating it. Did you make a contract with the automobile manufacturers for compensating Allen & Graham, or did Allen & Graham make their own financial arrangements?

Mr. BACHELDER. They made the arrangement if any was made. I never made it.

Senator STONE. Did the manufacturers of automobiles pay anything to your treasury to be paid to Allen & Graham?

Mr. BACHELDER. No, sir.

Senator STONE. Do you know whether Allen & Graham are lawyers?

Mr. BACHELDER. I have heard them referred to as attorneys.

Senator STONE. Well, did you have them employed as attorneys?

Mr. BACHELDER. We had them employed as advisers.

Senator STONE. As legal advisers?

Mr. BACHELDER. Yes; as legal advisers to a certain extent. My duties as master of the National Grange are varied. It requires work along a great many lines. The legislative work is only an incidental feature of the work of the grange. Allen & Graham helped me along on that.

Senator STONE. Gov. Bachelder, do you not know that Allen & Graham are not attorneys at law?

Mr. BACHELDER. No; I do not know it.

Senator STONE. Have you been laboring under the impression that they are?

Mr. BACHELDER. I supposed they were.

Senator STONE. Have you been to their offices to confer with them?

Mr. BACHELDER. I have.

Senator STONE. On legal matters?

Mr. BACHELDER. On matters pertaining to legislation.

Senator STONE. Did you ever see anything on their doors in the way of a sign, or on the heading of their letters to you, or anything else, indicating that they were pretending to practice law?

Mr. BACHELDER. I think there is nothing on the letterhead but their name, "Allen & Graham," and their address.

Senator STONE. You spoke of several other things in the paper you read in which you had them employed other than the two to which I have referred? Did you pay them for any service on those other things?

Mr. BACHELDER. I do not think I will answer.

Senator STONE. Have you ever paid Allen & Graham on behalf of the National Grange a penny?

Mr. BACHELDER. We have agreed to pay them for the work on the reciprocity bill.

Senator STONE. When was that agreement made?

Mr. BACHELDER. When we first met in New York—the legislative and the executive committees.

Senator STONE. And that is the only agreement you ever made to pay them anything?

Mr. BACHELDER. I am speaking of this agreement. We had agreed to pay them in this matter. They are in our employ.

Senator STONE. Is that to be paid out of the treasury?

Mr. BACHELDER. Out of the treasury of the National Grange.

Senator STONE. How much are you to pay them?

Mr. BACHELDER. The amount is not agreed upon. We do not know how long it will take.

Senator STONE. You have simply agreed to pay them?

Mr. BACHELDER. We have simply agreed to pay them their price.

Senator STONE. Whatever they charge. You exhibited some papers which you said had been circulated in opposition to this reciprocity agreement?

Mr. BACHELDER. Yes, sir.

Senator STONE. May I examine them?

(Gov. Bachelder handed certain papers to Senator Stone.)

Senator STONE. Have you filed these with the stenographer?

Mr. BACHELDER. They were filed with the committee.

The CHAIRMAN. They were submitted to the committee, Senator Stone, but I do not think the suggestion was made that they be printed.

Senator GALLINGER. I submitted them with a letter and telegram, which letter and telegram were not printed, for the reason that the stenographer did not call for them, and I note in the report of the testimony that they are to be inserted in the reprint. If it is desirable that these papers which passed through my hands, having re-

ceived them from Gov. Bachelder, accompany that letter and telegram and be printed in full, I would be very glad to have that done.

The CHAIRMAN. If there is no objection, the papers will be printed in full as a part of to-day's proceedings, including the letter and telegram.

(The letter, telegram, and papers referred to are as follows:)

NATIONAL GRANGE, PATRONS OF HUSBANDRY,  
Concord, N. H., May 17, 1911.

HON. JACOB H. GALLINGER,  
United States Senate, Washington, D. C.

MY DEAR SENATOR: I am sending you under separate cover copies of all literature sent out by the National Grange in opposition to the Canadian reciprocity bill, which kindly file with the Senate Committee on Finance. If you see no objection, would suggest that you have this matter inserted in the report of hearings on that bill.

All this literature was prepared under the direction of the legislative and executive committees of the National Grange, and it has all been sent out direct from this city.

The grange was fully represented at the hearings before the Finance Committee, and the members of that committee are able to judge as to whether the farmers who appeared before them are competent to present their case.

Yours, very truly,

N. J. BACHELDER.

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[Telegram.]

CONCORD, N. H., May 14, 1911.

HON. JACOB H. GALLINGER,  
United States Senate, Washington, D. C.:

As master and chairman of the legislative committee of the National Grange, I wish to protest against the reflection on this organization and on the farmers of the country generally, made by Senator Stone on the floor of the Senate and before the Senate Finance Committee, which we believe was instigated by representatives of the American Newspaper Publishers' Association. All work performed by Allen & Graham has been done under direction of our legislative and executive committees, and copies of all literature and letters sent out by us will be furnished to the Finance Committee. We are not willing that Allen & Graham shall appear before that committee for the purpose of having garbled reports sent out to newspapers intended to show that farmers are not opposed to Canadian reciprocity unless arrangements are made for general investigation at same time of relations of American Newspaper Publishers' Association with the reciprocity movement. The National Grange assumes all responsibility for work conducted in opposition to reciprocity bill.

N. J. BACHELDER.

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FARMERS PROTEST AGAINST CANADIAN RECIPROCITY BILL—NATIONAL GRANGE REPRESENTATIVE SHOWS THAT IT PROVIDES FOR FREE TRADE IN FARM PRODUCTS AND HIGH TARIFF FOR ALL MANUFACTURED ARTICLES THE FARMER BUYS.

ADDRESS BY AABON JONES, MASTER INDIANA STATE GRANGE, AND MEMBER OF NATIONAL GRANGE LEGISLATIVE COMMITTEE, BEFORE COMMITTEE ON WAYS AND MEANS, FEBRUARY 9, 1911.

I appear on behalf of the National Grange, the principal farm organization of the country, with local branches in 30 States, to record our emphatic protest against the proposed reciprocity arrangement with Canada. I have been a working farmer all my life; have been actively identified with the grange or patrons of husbandry for more than 20 years, and was for 8 years master of the National Grange. I have gone among the farmers in every State of the Union, and have met thousands of them at various State and national grange meetings. I am thoroughly familiar with their views on this and other public



questions, and I am here to declare that the farmers of the country are unalterably opposed to the reciprocity bill which you are now considering, and that they believe it would inflict a serious and permanent injury to their industry.

The principle on which the protective policy has been defended during the past 20 years is that all classes and interests of the country should receive equal protection against the competition of foreign products. It was to carry out this principle that the duties on farm products were imposed by the McKinley law, and reimposed by the Dingley and Payne tariff acts. Had it not been for the tariff on farm products the protective system would long ago have been abolished.

I understand that your committee does not wish to hear arguments on the general question of protection, but to learn of facts bearing on the pending bill. I will therefore endeavor to set before you briefly the essential features of this measure, and their relation to the welfare of the great agricultural interests of the country.

I wish first to call your attention to the fact that the rate of protection given by our present tariff laws to farm products is much lower than the duties on manufactured articles which the farmer buys. An analysis of Schedule G of the tariff act of 1900 shows that on the staple products of the soil the average rate of duty is about 25 per cent. The average rate on imported manufactures is about 45 per cent, and on many articles largely consumed by the farmers the rates are still higher. It is therefore clear that the farmers are not receiving the same measure of protection as is given the manufacturers.

In view of these undeniable facts the farmers have learned with amazement and indignation the proposition to abolish the comparatively slight protection now given them, and to establish free trade in practically everything that they produce. Let there be no mistake about the effect of this reciprocity bill. The only country from which any considerable quantity of farm products can be imported into the United States is Canada. We do not fear the competition of other countries. The purpose of the tariff on farm products has been to exclude those of Canada from our markets, and if this bill becomes law it means the end of protection so far as the farmers are concerned.

The next fact on which we base our protest against this bill is that it will subject us to the unfair competition of products which can be more cheaply produced in Canada than in this country. The Canadian farmer pays much lower duties on his machinery, implements, and manufactured goods, and under preferential trade agreements the majority of these duties are greatly lower than the schedule rates. The cost of farm labor is materially less in Canada than in this country, thus putting our farmers at a disadvantage in this respect. It is notorious that the prices of farm lands are far lower in Canada than in the United States, and the Canadian farmer is therefore under less fixed charges on his investment. The principal farming sections of Canada are largely virgin soil, requiring no fertilizers, while the farms in this country have long been cultivated, and large amounts of fertilizers are necessary. For these reasons it is self-evident that the cost of production must be greater in the United States than in Canada.

Perhaps the most important fact for your consideration is that there are in the Canadian northwest enormous areas of unoccupied fertile prairie lands, probably 100,000,000 acres, selling for a few dollars per acre. Large tracts of this land have been taken up by speculators on both sides of the boundary line, and it was these speculators who started the agitation for the free admission of Canadian farm products into this country, with the avowed purpose of raising the value of their lands. If, as the Canadian advocates of reciprocity contend, the effect of this measure will be to greatly increase the value of Canadian farm lands, it is clear that it can only do so by decreasing the value of our farms.

In view of these facts, which can not be denied, the manifest result of this bill, if it becomes law, will be to abolish all the protection now given the farmers, and leave them open to the free competition of products which under existing conditions can be more cheaply grown in Canada than in this country.

The advocates of reciprocity do not deny that Canadian farm products will to a large extent displace the produce of our farms; on the contrary, they try to justify the measure by claiming that it will reduce the cost of those products to the consumer. As against this claim I wish to submit certain facts set forth in the Annual Report of the Secretary of Agriculture for 1910, pages

19-26. As the result of a careful investigation of the increase of prices of farm products in their transfer to the consumer, Secretary Wilson shows that the difference between the price paid the farmer and the cost to the consumer is in many cases from 40 to 50 per cent. For instance, it was found that the poultry grower received only 55.1 per cent of the price paid by the consumer; that the dairyman receives a scant 50 per cent of the price paid for milk; the apple grower, 55.6 per cent; that beef cost the consumer 38 per cent more than the price paid the great slaughtering houses; and other farm produce from 41 to 50 per cent over the original cost. The conclusion of this section of Secretary Wilson's report is:

"From the details that have been presented with regard to the increase of the prices of farm products between farmer and consumer, the conclusion is inevitable that the consumer has no well-grounded complaint against the farmer for the prices that he pays.

"After consideration of the elements of the matter, it is plain that the farmer is not getting an exorbitant price for his products, and that the cost of distribution from the time of delivery at destination by the railroad to delivery to the consumer is the feature of the problem of high prices which must present itself to the consumer for treatment."

No, it is not the tariff on farm products that is responsible for the high cost of food, but the excessive freight charges of the railways, and the exorbitant profits of the commission houses, wholesale dealers, and retailers, through whose hands farm products must pass to reach the consumer.

I have submitted these facts for the purpose of showing the serious injury to the farming interests that would follow the enactment of this bill. What compensation does this measure offer the farmers for the loss of the very moderate protection now given them? Does it materially reduce the burden of high protective duties which the farmer is compelled to pay on all the manufactured goods he uses? Not at all. The pretended reduction of duties on Canadian manufactured goods is a fraud and a sham. No duty is removed or reduced on Canadian manufactures that will permit of their general importation for use by our farmers.

An attempt has been made to fool the farmer by removing the duty from steel wire and wire fencing. But Canada makes practically no wire, and only sold to this country last year a few thousand pounds, while we exported to Canada more than 100,000,000 pounds. The removal of this duty will not reduce the cost of fence wire in the slightest degree, and the same is true of the other manufactured articles in the reciprocity schedule. Canada is not a manufacturing country in the same sense that the United States, Great Britain, and Germany are, and the few manufactures affected by this bill will not be made cheaper to our people.

As a believer in the protective policy, I am unable to comprehend the amazing action of those high in authority who have been responsible for this reciprocity scheme. It is possible that they believe that 6,000,000 farmers will tamely submit to free trade in farm products and high tariff for manufactures? If so, I wish to state here and now that we have come to the parting of the ways. The farmers believe in real reciprocity, that is, for an equal reduction in the tariff on manufactures, at the same time that the duties on farm products are reduced. They favor an honest revision of the tariff, but they do not believe in revising the tariff on farm products out of existence, while leaving the exorbitant taxes on manufactures untouched.

If this bill were intended as an honest measure to reduce the cost of living in the interest of the consumer, why does it impose a tax of 50 cents per barrel on flour, while putting wheat on the free list? Why are cattle, sheep, and swine on the free list, while meats, fresh and cured, are taxed 1½ cents per pound? Are not the farmers as much entitled to protection as the millers or the great meat packers? The consumers do not eat wheat, or cattle, or sheep. They consume flour and meat. But this bill puts the farmer's products on the free list, and taxes the articles in the form that they reach the consumer.

Now, gentlemen, I trust that there will be no misunderstanding as to the position of the farmers in this matter. They believe that they are entitled to exactly the same measure of protection as the manufacturers. They are not now receiving equal protection, and the pending bill proposes to make the discrimination against them still more unjust by establishing to all intents and purposes free trade in farm products, while making no reduction of duties on manufactures that will decrease their cost to the farmer.

Against this proposition we earnestly protest, and we insist that there shall be no free trade for the farmers and high tariff for the manufacturers, but that if farm products go on the free list, manufactured articles must also be made free.

REPLY OF NATIONAL GRANGE LEGISLATIVE COMMITTEE TO OPEN LETTER FROM SECRETARY OF AGRICULTURE WILSON DEFENDING THE CANADIAN RECIPROCITY AGREEMENT.

NATIONAL GRANGE, PATRONS OF HUSBANDRY,  
Concord, N. H., February 11, 1911.

HON. JAMES WILSON,  
Secretary of Agriculture, Washington, D. C.

DEAR SIR: We are in receipt of your letter of February 9, in which you endeavor to show that the Canadian reciprocity bill is fair to the farming interests of the country. We deeply regret that you have seen fit to take this position, and deplore the character of the arguments advanced by you in favor of this so-called reciprocity scheme.

In reply to our statement that the pending bill was one-sided and unfair to the farmers, in that it makes no material reduction in duties on manufactured articles used by them, you attempt to defend the continuance of a high tariff for manufactures, along with free trade for the farmers, by claiming that it is the protected workers who furnish the farmers with their chief market. We would respectfully submit that you are simply repeating the pet argument of the domestic manufacturer, and that in asserting that the prosperity of the farmer depends on the workers in protected industries you are claiming what is exactly the reverse of actual conditions. It is on the prosperity of the farmers that the welfare of all other classes—manufacturers, merchants, transportation interests, and factory workers—depends, and we can not understand how at this late day you should be found repeating the stale and exploded theory that the farmers exist by the grace of protected manufacturers or anyone else on earth.

This, however, is not the occasion for a discussion of the general question of protection versus free trade. The sole question before the American people is whether we shall have free trade in all farm products and high protection for manufactured articles. We understand that you are a protectionist. What kind of protection is it that would compel the farmer to pay from 45 to 60 per cent duties on everything he buys and subjects him to free-trade competition in farm products which can be produced more cheaply in Canada than in this country? You know that the price of farm land is much lower in Canada than in the United States. You know that the wages of Canadian farm labor are much lower than we have to pay. You know that the Canadian farmer buys his manufactured articles cheaper because his tariff duties on foreign goods are lower. You know that the farm lands of Canada are mostly virgin soil, requiring no fertilizers, while our lands have been cropped so long that we must use immense quantities of fertilizers. And yet, knowing all this, you would strike down the very moderate tariff, averaging about 25 per cent, which they now receive, without giving them the benefit of any real reduction of duties on manufactures.

The esteem and affection in which we hold you personally, and as the head of the Department of Agriculture, makes difficult a suitable rejoinder to your letter. We can only conclude that you have been deceived by the special interests which have cunningly plotted to allay the country-wide clamor for an honest revision of the tariff by making the farmer the scapegoat for the sins of the high-protection system, else you would never be found making such a statement as that "Free barbed wire fencing will be a boon to our farmers."

Do you not know that the Steel Trust sold last year in Canada more than 100,000,000 pounds of wire and that we bought no wire from Canada? Do you not know that this barbed-wire provision is an attempt to fool the farmers by a transparent trick? Do you not know that Canada produces practically no wire, and that with the duty on Canadian wire abolished we would not import one pound? We trust that you did not know these facts when you were induced to write your letter.

You refer to the advantages to our great milling interests of the free admission of Canadian wheat. How will this help the farmers? How will it help

the consumers of our towns and cities? Wheat is on the free list, but flour is to be taxed 50 cents per barrel! Cattle, hogs, and sheep are to be free, but meat, both fresh and cured, is to be taxed 1½ cents per pound. Is this an honest measure in the interest of the consumer? Is this your idea of a fair and just reciprocity measure? Protection to the miller and meat packer! Free trade to the tiller of the soil!

You refer to the drift of population away from the country into the cities. Do you really believe that this reciprocity measure will tend to encourage the back-to-the-farm movement? Will it help the farming industry to remove the slight protection now given it and continue to give high protection to manufacturing industries? Surely you can not believe for a moment that the way to encourage farming is to open our markets to the free admission of cheaper farm products.

It is our conviction that this reciprocity proposition is one of the most dangerous ever submitted to the American people. It does not provide for real reciprocity, but for a kind of reciprocity that will seriously injure the farmers, while increasing the export sales of manufactures without reducing in the slightest the enormous burden of taxation imposed on the farmers by the high tariff. It originated with the great protected interests, which, having become alarmed at the fear of losing some of their immense profits, are now willing that the farmer should be sacrificed. These interests are like Artemas Ward, who said that he was perfectly willing that all his wife's relations should be drafted for the war. The protected manufacturers are willing, even anxious, that the duties on farm products should be abolished, but they say: "Touch not a schedule or rate in the duties on our products."

We beg to assure you that the farmers are not so easily deceived as many persons imagine. They know that their income and the value of their property is threatened by this legislation, and they are determined to defeat it. They ask for nothing but a square deal—equal protection for all classes and interests—and they will take nothing less.

Yours, very sincerely,

N. J. BACHELDER,

*Chairman Legislative Committee National Grange.*

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NATIONAL GRANGE, PATRONS OF HUSBANDRY.  
Concord, N. H., February 14, 1911.

DEAR SIR: We send you under separate cover copy of the proposed Canadian reciprocity law, which provides for admitting to this country free of duty practically all Canadian farm products, including cattle, horses, sheep, swine, eggs, poultry, wheat, oats, barley, peas, beans, hay, straw, potatoes, onions, apples, pears, butter, cheese, cream, flaxseed, etc.

The grange favors real reciprocity but it does not believe in one-sided, "jug-handled," sham reciprocity, which deprives the farmer of all protection against the only country from which any considerable quantity of farm products can be brought into the United States, and at the same time makes no material reduction in the high tariff on manufactured articles which our farmers buy.

The grange favors an honest tariff revision, but it does not believe in revising the tariff on farm products out of existence, while leaving the exorbitant taxes on manufactures practically untouched.

An examination of the provisions of the proposed reciprocity law will show that the slight reductions made in the duties on Canadian manufactured articles will be of no benefit whatever to our farmers for the reason that Canada does not produce these articles as cheaply as they can be made here.

To show that this reciprocity measure is not an honest effort to reduce the cost of living in the interest of the consumer, it is sufficient to point out that, while wheat is put on the free list, flour is taxed 50 cents per barrel. The people do not eat wheat, but flour; and if wheat is to be free the tax on flour should also be abolished. Cattle, hogs, and sheep are to be free of tax, but ments are to be taxed 1½ cents per pound for the benefit of the Beef Trust.

The grange position is that the farmers should receive exactly the same measure of protection as the manufacturers. As a matter of fact the average tariff rate on the staple farm products is now only about 25 per cent, while the rate on manufactured articles which the farmers buy is about 45 per cent. And it is proposed to make this unfair discrimination against the farmer still more

unjust by putting farm products on the free list, while making no reduction on manufactured articles that will decrease their cost to the farmer.

Against this manifest injustice every farmer should earnestly and promptly protest. Let your Senators and Congressmen know at once, if convenient, by telegram that you will not stand for this sham reciprocity measure, so that Congress will understand clearly that there must be no free trade for the farmers and high tariff for manufacturers, and that if farm products go on the free list manufactured articles must also be made free.

It is most important that you should immediately sign the inclosed protests and forward them to each of your Senators and to your Congressman, so that they will know that you are opposed to the unfair discrimination against the farmers made by this reciprocity bill.

N. J. BACHELDER,  
AARON JONES,  
T. C. ATKESON,  
*Legislative Committee.*

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CONGRESS GETS WARNING FROM THE WHITE HOUSE.

[From the Herald, Washington, D. C., Feb. 20, 1911.]

Representative S. W. McCall, of Massachusetts, leaving the White House last night after a conference with the President, gave out a statement which, because of the significance naturally attached to it, will attract the widest attention. Mr. McCall says:

"I believe Republican Senators are gradually coming to recognize that, with the certain prospect of an extra session unless they bring the reciprocity bill to a vote, there will be very serious inconvenience and embarrassment, if not danger, to the business and industrial enterprises that are really entitled to protection. The President feels that he is under an international obligation to summon an extra session. He will do this reluctantly, because it is bringing into power a Democratic House and a Senate much more nearly Democratic than the present Senate. But if the Senate should fail to act, the President feels that under his agreement with the Canadian Government to use his utmost endeavor to have the reciprocity agreement confirmed he will be compelled to call the session immediately.

"I imagine the Democrats are not anxious for an extra session. They would naturally feel that they can not extemporize a revision of the tariff schedules. The light remark that you can prepare a tariff bill overnight or in two weeks or a month every one knows to be utterly unfounded.

"But what an extra session is likely to mean is a constant agitation and a continuous investigation into the industries that are made possible by protection and interference with their business that bodes no good for business at large. The consequence is that if anyone should prevent action on the reciprocity bill, he would be in the position of helping to bring about a condition most injurious to those industries which really need protection. What follows in an extra session will not be the President's fault. The President is a protectionist and expects to use the veto power, so far as he properly may, to maintain the party's protective principles. But it would be a misfortune to have this inevitable conflict come nine months ahead of the time when it is naturally due."

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PROTECTION FOR ALL, OR FOR NONE—FARMERS INSIST THAT THEIR INDUSTRY MUST BE PROTECTED SO LONG AS MANUFACTURERS RECEIVE BENEFITS OF HIGH TARIFF—STATEMENT BY HON. N. J. BACHELDER, MASTER NATIONAL GRANGE, BEFORE SENATE COMMITTEE ON FINANCE, FEBRUARY 21, IN OPPOSITION TO CANADIAN RECIPROCITY ARRANGEMENT.

More than 20 years ago the National Grange adopted resolutions declaring that it was the position of the order that so long as protection was to be the national policy the farmers must receive the same degree of protection on their products that was given on manufactured articles. This is the grange position to-day, and we are here to protest against the Canadian reciprocity bill on the ground that its effect will be to establish free trade in farm products, while continuing protection to manufacturers. We are here as representatives of the great agricultural industry of the United States to state

clearly that the farmers of the country will not submit to legislation that so manifestly discriminates against their interests, and to assure you that without exception the farmers stand for the principle of "protection for all or for none."

I need not occupy your time with arguments to show that this reciprocity measure means free trade in farm products. Canada is the only country from which we have at present any reason to fear competition, and if we have free importation of Canadian farm products we will receive no benefit whatever from the tariff. The principle of protection laid down in the Republican Party platform of 1908 is that the tariff rates should equal the difference between the cost of production at home and abroad, together with a reasonable profit to American industries. We are willing to submit the whole question as to the wisdom of the reciprocity bill to the standard fixed by this the latest National Republican declaration on the subject.

Is it or is it not a fact that the cost of growing the great staple crops, such as wheat, barley, oats, and hay; of raising cattle, horses, and sheep; and of producing butter, eggs, poultry, cheese, apples, etc., is greater in this country than in Canada? We affirm that such is the fact and would state in support of our contention the further facts that Canadian farm lands are much cheaper than on this side of the boundary line; that the wages paid farm labor in Canada are much lower than in this country; that the Canadian farmer buys his manufactured articles cheaper because of lower tariff rates on foreign goods; and that the farm lands of Canada are chiefly virgin soil, requiring no fertilizers, while our lands have been cropped for many years, so that we must use annually immense quantities of fertilizers.

Does anyone deny that the average price of our farm lands is from two to three times that of Canadian lands? Is it not a fact that hundreds of thousands of farmers in our Northwestern States have sold their farms and emigrated to Canada because of the great areas of cheap lands to be had in that country? It is notorious that so many farmers have left Iowa, where land is worth from \$100 to \$150 per acre, for the Canadian northwest, that the population of that great and fertile State is now less than it was 10 years ago.

The statements in regard to the other conditions which show the cost of production to be lower in Canada than in the United States are equally capable of proof, so that there is no escape from the conclusion that if protection is to be afforded to any domestic industry because of the higher cost of production in this country, agriculture, the greatest of all industries, which is the very foundation of this great Nation's welfare and prosperity, is clearly entitled to protection equal to the difference between the cost of production at home and abroad.

The two principal arguments put forward on behalf of this so-called reciprocity proposition are, first, that it will reduce the cost of foodstuffs to the consumer; and, second, that it will not decrease the prices received by our farmers for their products. Both of these statements can not be true, and it is our opinion that neither of them is. The newspapers of the cities have been filled with glowing promises of cheap food, which they claim will be the result of the free admission of Canadian farm products. We believe this to be wholly a delusion, and that the removal of the duties on these products will not reduce in any material degree the prices paid for them by the consumers of the cities. Take, for example, milk. The duty on Canadian milk is now 2 cents per gallon. It has been shown by investigations conducted by the United States Department of Agriculture that on the average the farmer in this country gets for his milk 50 per cent of the price paid by the city consumer, the difference being absorbed by the middleman, railway company, and retailer. Suppose the duty of 2 cents per gallon on Canadian milk is abolished? Does anyone believe that the people of the cities will get their milk 2 cents per gallon less than the present price?

What is true of milk is true of practically all other farm products. I am told by State Master Godfrey of the New York State Grange, that in his section of the State potatoes are now selling at 30 cents per barrel or less. In New York City potatoes are selling at from 80 cents to \$1 per bushel at retail. It is absurd to claim that this great difference is in any way due to the tariff.

After having proved to their own satisfaction that reciprocity will reduce the cost of living, the advocates of this proposition, particularly Secretary of Agriculture Wilson and Mr. James J. Hill, turn around and assert that it will not in any way decrease the profits of our farmers. Unfortunately for these distinguished gentlemen, the facts are against them. The mere introduction of this bill has already forced down the price of wheat 6 or 7 cents per

bushel, owing to the existence in Canada of immense stocks of wheat, which, if this bill is enacted, can be rushed into this country. It is useless to tell us that reciprocity will not reduce the price of wheat, when the mere introduction of this bill has already had this effect.

And here let me point out that the price of wheat has fallen 30 cents per bushel since a year ago. Has the price of bread to the consumers of our cities fallen 25 per cent? You know that it has not, and if, as the result of reciprocity, the price of wheat is forced still lower, it will not benefit the consumer, for flour is still taxed 50 cents per barrel.

It is impossible in the brief time allotted me to go into details showing how the farmers will be injured by the provisions of this bill, but I will take as an illustration the manufacture of cheese. In the State of New York this is a most important branch of agriculture, the total production being about 125,000,000 pounds. With the tariff of 6 cents per pound our dairymen are just able to make a living profit, and most of them have only existed because they have been taking more and more each year from the fertility of their soil. The Canadian cheese producer has cheaper land, cheaper labor, cheaper supplies, cheaper machinery, cheaper feed for cows, and a richer soil. The Province of Ontario, just across from New York, exported in 1909, 164,000,000 pounds of cheese. How could our cheese makers compete with those of Ontario, when the latter have so clear an advantage in the cost of production?

But we are told that while it is true that this bill deprives the farmer of the very moderate protection, averaging less than 25 per cent, now given him by our tariff laws, he receives compensation in the form of reductions of duties on manufactured articles. This is not true. The reductions made by this bill will not in the least decrease the cost of the manufactures the farmer buys, since Canada is not to any extent a manufacturing country. Thus we have the honorable Secretary of Agriculture stating that "free barbed wire fencing will be a boon to our farmers." As a matter of fact, this provision will not benefit one farmer to the amount of 1 cent. We exported to Canada last year 100,000,000 pounds of wire and imported practically none. The removal of this duty is a fraud, pure and simple, intended to fool the farmers.

If this was an honest reciprocity measure, intended to encourage trade with countries which admit our products on favorable terms, it would provide for the free admission of all articles manufactured in Great Britain. That country has for many years allowed all our products to be imported free of duty, and it would seem only appropriate that we should reciprocate by admitting her products to our markets.

It is claimed by the distinguished advocates of reciprocity that the abolition of the duties on Canadian farm products is necessary in order to save the protective system. There could not be a graver mistake. Do these gentlemen really believe that 6,000,000 farmers will sit idly by, after the trifling protection now afforded them has been abolished, and permit the continuance of a system under which all the manufactured articles they buy are taxed from 45 to 60 per cent? They should know better.

We are here to serve notice that the farmers are united on this question and are determined that if duties on farm products are reduced, the duties on manufactures must follow. This is not a threat. It is a simple statement of fact. It was said long ago by one of the greatest men this country or the world has ever produced—Abraham Lincoln: "This Nation can not long continue half slave and half free." We are here to declare that our national policy of tariff taxation can not long continue high protection to manufacturers and free trade for the farmers, and we respectfully urge that every principle of common justice, fair dealing, and equal rights to all classes and citizens demands that the farming industry be accorded the same protection that is given to all other industries.

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FARMERS APPEAL TO THE PRESIDENT—MASTER OF NATIONAL GRANGE SHOWS THAT CANADIAN RECIPROCITY WILL REDUCE VALUE OF FARM LANDS AND CAUSE FINANCIAL PANIC THROUGH GENERAL CALLING IN OF LOANS ON FARMS.

CONCORD, N. H., February 28, 1911.

To the PRESIDENT.

SIR: I regret that on the occasion of the recent visit of some 40 representatives of the grange to Washington for the purpose of protesting to the Senate Committee on Finance against the enactment of the pending Canadian reciprocity bill it was not found convenient to arrange for an interview with you

at which the objections of the farmers of the country to this measure could have been submitted to you personally. I wish now to present for your consideration a brief statement of the essential facts on which the agricultural interests base their opposition to the proposed reciprocity arrangement.

The declaration of principles of the Republican Party, as laid down in the national platform adopted in 1908, promised the maintenance of a protective system based on the difference between costs of production in this country and in foreign countries. This pledge constituted a contract between the Republican Party and the people, and because of this contract a majority of the farmers joined in electing a Republican administration.

It was clearly established by facts submitted to the Senate Committee on Finance that the cost of producing the staple farm products which are to be admitted free of duty under the pending bill is materially higher in this country than in Canada. Canadian farm lands are much cheaper than ours; wages of Canadian farm labor are lower; the cost of living is lower in Canada, owing to that country's lower tariff on manufactured articles; and the farmers of this country are compelled to pay out annually immense amounts for fertilizers which, owing to their great areas of virgin soil, are not required by the Canadian farmers. For all these reasons the average cost of production on the farms of the United States is unquestionably higher than on Canadian farms. It is, therefore, self-evident that adherence to the platform of the Republican Party requires the imposition of duties on Canadian farm products equal to the difference between the cost of producing them and of producing similar articles in this country.

Having thus shown, by applying the principle laid down in the Republican platform, the right of the great agricultural industry to protection against the competition of Canadian farm products, no further argument should be necessary to show the injustice of abolishing the duty on these products, while making no reduction in duties on manufactured articles that will lower their cost to the farmers. I wish, however, to ask your attention to some results of this legislation which will not only greatly injure the farming industry, but the commercial, manufacturing, financial, and transportation interests as well.

It can not be successfully denied that the effect of this bill will be to reduce the prices paid to a large proportion of our farmers for their products. This being the case, it follows that there will be an immediate fall in the value of our farm lands in all sections affected by Canadian competition. It is estimated that the loans on farm lands in this country amount to \$3,000,000,000, and a large part of these loans have been made on the supposition that farming was to continue to be as profitable in the future as in recent years. The enactment of the reciprocity bill would at once result in a general calling in of hundreds of thousands of loans; farms would be sold at a sacrifice; the stability of many banking institutions would be endangered, and a panic would ensue. Eminent bankers have recently declared that the conditions relating to loans on farm lands are the chief danger to continued financial stability, and I can see no escape from the conclusion that the direct and immediate effect of this bill becoming a law will be to precipitate a financial convulsion that will be worse than the panic of 1907.

Throughout the New England States and other Eastern and Northern States many thousands of farmers have invested their small earnings in western farm and fruit lands. Reciprocity will endanger all these investments and will prevent the development of the great tracts of arable lands within our borders.

The price of wheat has already fallen from 10 to 12 cents per bushel since the reciprocity bill was introduced in Congress, and the wholesale prices of many other farm products affected by that measure have also fallen. If the bill is enacted, prices will fall still lower, with the result that the 35,000,000 people living on farms will have just so much less money with which to buy manufactured articles. Will a decrease in the purchasing power of the farmers benefit the factory workers in our towns and cities? On the contrary, will it not injure them by depriving them of a part of their most valuable market for their products? Will not this mean less goods handled by our railways and sold by our merchants? Any legislation that diminishes the capacity of the farmer to buy manufactures hurts all other business interests.

In view of the magnitude of the issues involved in the pending reciprocity arrangement and its far-reaching effect upon the income of 8,000,000 farmers and the value of their property, I would respectfully urge that the matter is one calling for full discussion and careful deliberation, and that it should not



become law until it has been passed upon by the sober judgment of all the people of the country.

Yours, respectfully,

N. J. BACHELDER,  
Master National Grange.

NATIONAL GRANGE, PATRONS OF HUSBANDRY.

CONCORD, N. H., March 24, 1911.

*To the Patrons of Husbandry of the United States:*

Whereas Congress has been called to assemble in special session on April 4 for the purpose of enacting the Canadian reciprocity bill; and

Whereas this measure is a menace to the welfare of all the agricultural interests of the country, and would, if enacted, greatly reduce the income of our farmers and the value of their property; and

Whereas the proposed law unjustly discriminates against the farming industry by putting all farm products on the free list, while making no reduction in the duties on manufactures that will in any way benefit the farmers; and

Whereas the question of defeating this legislation is the most important issue now before the farmers of the country; and

Whereas it is necessary in order to prevent the enactment of this one-sided and unjust legislation that the farmers should unite in making a solemn protest to their Senators and Representatives in Congress: Therefore

*Resolved by the legislative and executive committees of the National Grange,* That the State, Pomona, and subordinate granges be requested to take immediate action to have all the members of the order within their jurisdiction write at once to the Senators from their States and the Congressman from their district protesting against the enactment of the reciprocity bill and urging them to vote against that measure and to use their influence to prevent its becoming law.

*Resolved,* That the masters and members of all the granges be requested to do all in their power to have farmers who may not be members of the order write to their Senators and Congressmen in opposition to Canadian reciprocity.

*Resolved,* That the State, Pomona, and subordinate granges be requested to use their influence to have the newspapers and farm journals give publicity to their protests against the adoption of the reciprocity scheme.

NAHUM J. BACHELDER, *Concord, N. H.,*  
T. C. ATKESON, *Morgantown, W. Va.,*  
AARON JONES, *South Bend, Ind.,*

*Legislative Committee.*

Approved:

F. N. GODFREY, *Chairman, Olean, N. Y.,*  
C. O. RAINE, *Secretary, Canton, Mo.,*  
S. H. MESSICK, *Bridgeville, Del.,*  
NAHUM J. BACHELDER, *ex-officio, Concord, N. H.,*  
*Executive Committee.*

FARMERS' INTERESTS IGNORED BY TARIFF BOARD—CANADIAN RECIPROCITY SCHEME SUBMITTED TO CONGRESS WITHOUT AN INVESTIGATION INTO THE DIFFERENCE IN THE COST OF PRODUCING FARM CROPS IN THIS COUNTRY AND IN CANADA—REPUBLICAN NATIONAL PLATFORM REPUDIATED BY PROPOSITION TO PUT ALL FARM PRODUCTS ON THE FREE LIST.

NATIONAL GRANGE, PATRONS OF HUSBANDRY,  
Concord, N. H., March 28, 1911.

To the PRESIDENT.

SIR: You were instrumental in creating the present Tariff Board, and in various public utterances you have strongly advocated the creation of a permanent tariff commission, with full power to investigate conditions relating to the production of commodities in this and foreign countries for the purpose of laying before Congress facts showing the cost of producing such commodities in this country and abroad. The Republican national policy in regard to the tariff, as declared in the platform on which you were elected in 1908, is that the duties on foreign products should cover the difference between the cost of production in this country and in foreign countries, and you have urged that it

is only through the information furnished by a tariff board or commission that the proper rates of duty can be ascertained.

When the agitation for a permanent tariff commission was commenced three or four years ago the National Grange, as the principal organization of farmers in the country, was asked to use its influence in favor of the proposition. Believing that such a commission would investigate impartially the cost of producing farm products in this and foreign countries, as well as of manufactured articles, the grange at successive annual meetings indorsed the creation of a tariff commission, and took an active part in bringing the influence of the farmers to bear on Congress in favor of legislation for that purpose. The fact that the farmers of the country favored a tariff commission was one of the chief arguments used by its advocates.

Now that a tariff board is at work, and it is probable that a tariff commission will be created by Congress in the near future, the farmers of the country are amazed to find that their industry is to be excluded from their consideration. Without any hearings before the Tariff Board a bill has been prepared, and Congress called in special session to enact it, that abolishes entirely the slight tariff protection given to farm products, and subjects our farmers to the free competition of the farm products of Canada. This has been done without regard to the Republican platform declaration that the duties on imports should equal the difference between the cost of production in this and foreign countries, and the principle of protection laid down in that platform has been completely ignored.

I will be indebted to you if you will state for the information of the farmers of the country whether you believe that the promise to maintain the policy of protection given in the Republican platform of 1908 was intended to apply only to the manufacturing industries of the country, and that the great agricultural industry is not entitled to protection on its products. Do you believe that the functions of a tariff board or tariff commission should be to investigate conditions relating to the cost of producing manufactures only, and that Congress should be free to enact tariff legislation affecting farm products without any investigation of the cost of their production in this and foreign countries? Do you believe that the principle of protection to which the Republican Party is pledged by its platform is protection for the manufacturers and free trade for the farmers? Is the Canadian reciprocity agreement, which puts practically all our products on the free list, consistent with the maintenance of the protective system for manufactured articles? Are the manufacturers entitled to have the facts showing the difference in the cost of production in this and foreign countries collected by a tariff commission, while the very moderate protection given the farmers is entirely abolished, without any consideration of the fact that the cost of producing farm products is less in Canada than in the United States?

You may reply that conditions in this country and Canada are alike, in so far as the farming industry is concerned. The farmers do not agree with you, and this raises a question of fact which would seem to them to call for a careful investigation. I would submit that the facts show conclusively that the cost of producing the staple farm crops put on the free list by the Canadian reciprocity arrangement is lower in Canada than in this country. Among these facts, which can not be disputed, are the following:

(1) The price of farm lands, as shown by official reports, is much lower in Canada, thus subjecting the Canadian farmer to much smaller fixed charges on his investment.

(2) The wages of Canadian farm labor, as shown in an official statement prepared by the Department of Commerce and Labor, are on an average much lower than in this country. This statement gives figures showing that in the northern and eastern States the wages paid farm workers are from 20 to 25 per cent higher than in all sections of Canada, with the exception of the Canadian northwestern Provinces, where wages are practically the same as in our northwestern States. As against this equality of wages, the value of farm lands in those Provinces is not one-third of the value of lands in Iowa, Nebraska, Minnesota, and other neighboring States.

(3) The cost of the manufactured articles which the Canadian farmer buys is much lower than that of similar articles used by our farmers because of the lower tariff taxes imposed by Canada on foreign goods. An examination of the Canadian tariff laws and preferential trade arrangements shows a difference of at least 20 per cent in favor of the Canadian farmer.

(4) Owing to the fact that the farm lands of Canada are chiefly virgin soil the Canadian farmer does not find it necessary to use fertilizers to any extent,

while our farmers are forced to use hundreds of millions of dollars' worth of fertilizers each year.

Here are facts that show the cost of producing farm crops to be higher in this country than in Canada. Are these facts to be ignored in the case of the farmers, while facts showing a higher cost of producing manufactured articles are to be given consideration in the adjustment of tariff rates? Is there to be one rule for the farmers and another for manufacturers? Are the latter a privileged class entitled to special consideration by a Tariff Commission and Congress?

If, as it would appear, the farmers are to be excluded from the benefits of a Tariff Commission, it can hardly be expected that they will take any further interest in the creation of such a body, but will rather be inclined to use their influence against it in the future.

Respectfully,

N. J. BACHELDER,  
*Chairman Legislative Committee National Grange.*

**WANT EQUAL DUTIES—FARMERS OF COUNTRY NOT SATISFIED WITH HOUSE PROGRAM—VIEWS OF N. J. BACHELDER—HEAD OF NATIONAL GRANGE OBJECTS TO RECIPROCITY BILL—DEMANDS REDUCTION IN DUTIES ON MANUFACTURES TO RATES FIXED BY CANADIAN TARIFF.**

[Evening Star, Washington, D. C., Apr. 18.]

The "free-list" bill which the Democrats of the House propose to pass in an effort to reconcile the farmers to the Canadian reciprocity measure is not going to reconcile them.

That is the opinion of N. J. Bachelder, master of the National Grange and former governor of New Hampshire, expressed to-day. Mr. Bachelder is in town to learn what prospects there are for the passage of the reciprocity measure, and he has announced that the farmers are still against it, despite the "farmers' free list."

"The so-called 'farmers' free-list bill,' which has been introduced in Congress as a professed measure of compensation to the farmers for the removal of the duties on their products by the Canadian reciprocity bill," Mr. Bachelder said to-day, "will not satisfy the farmers of the country, nor will it cause them to relax their fight against the reciprocity scheme."

#### NO BENEFIT IN NORTHWEST.

"The farmers in the Northern and Northwestern States will receive little, if any, benefit from the 'free-list bill,' which does not reduce the high tariff taxes on the articles generally purchased by them. The Democratic leaders in the House are greatly mistaken if they imagine that the farmers will consent to have free trade in everything they produce if a few unimportant manufactured articles are put on the free list. The position taken by the farmers is free trade for one, free trade for all, and they demand that in any tariff legislation the duties on all manufactures must be reduced to the same rate imposed on farm products."

"If the Democrats wish to put the American farmers on an equality with the Canadian farmers, in so far as the cost of the articles they buy is concerned, they should reduce our tariff on manufactures to the rates fixed by the Canadian tariff."

#### WHAT THE SCHEDULES SHOW.

"An examination of the tariff schedules of the two countries shows that the American farmer pays tariff taxes running from 20 to 35 per cent higher than are paid by the Canadian farmer. In spite of this fact President Taft and other advocates of reciprocity say that our farmers need no tariff against Canadian farm products, because conditions are equal on both sides of the boundary line. How conditions can be equal, when the Canadian farmer has cheaper land, cheaper farm labor, and lower cost of his manufactured articles, no one has yet tried to explain, and until these facts can be explained away the farmers of this country are unalterably opposed to the one-sided, unjust proposition misnamed 'reciprocity.'

LEGISLATION OF SECTIONAL NATURE.

"The sectional nature of the tariff legislation favored by the Democratic majority in the House is shown by the fact that while favoring Canadian reciprocity, which puts all the staple farm crops of the Northern States on the free list, the Democrats have not reduced in any degree the tariff rates on sugar, rice, oranges, pineapples, lemons, hemp, peanuts, and other agricultural products of the South.

"I have no desire to raise the sectional issue in this matter, but it should be understood that if northern farm products are to be free there will be no protection for the Southern farmer or fruit grower."

REPLY TO REPRESENTATIVE MCCALL'S STATEMENT THAT OPPOSITION OF FARMERS TO CANADIAN RECIPROCITY IS NOT GENUINE.

NATIONAL GRANGE, PATRONS OF HUSBANDRY,  
Concord, N. H., April 24, 1911.

Hon. SAMUEL W. MCCALL,  
*House of Representatives, Washington, D. C.*

DEAR SIR: In your speech delivered in Congress on April 21 you have charged that the opposition of the farmers to the Canadian reciprocity bill does not represent the genuine sentiment of the farmers themselves, but that they have been induced to protest against that bill by other interests. In reply, I wish to state that there is absolutely no ground for your assertion and to assure you that the sentiment of the individual farmers in the 23 States in which the grange is organized is practically unanimous against the reciprocity scheme.

I receive regularly each week about 40 farm journals published in all sections of the country. Of these papers only one has failed to denounce reciprocity, and that one has not dared to favor it. Does this indicate that the opposition of the farmers is not genuine.

For your information I would state that so far as I have been able to find out there is not a single working farmer in the country who favors reciprocity, and if the farmers had a chance to vote on that proposition the vote against it would be in the ratio of 1,000 to 1.

A short time ago you posed as the critic of a Republican President, whom you sneeringly described as "the little Father in the White House." Now that a Republican President has repudiated the solemn pledges of the platform on which he was elected, and is endeavoring to deprive the farming industry of the protection promised it by that platform, it is interesting to find you one of the most obedient children of "the little Father in the White House."

You claim that no protection is needed against Canadian farm products because conditions in both countries are practically equal. Do you not know that the Canadian farmers have cheaper land, lower wages for farm labor, a newer soil requiring no fertilizers, and lower tariff taxes on the manufactured articles they buy? Is it not a fact that the average tariff rates on articles generally consumed by the farmers is from 20 to 25 per cent higher in this country than in Canada? Since this is the case, do you think it fair that the farm crops of Canada, produced at a lower cost than those of this country, should be allowed to compete freely with the products of our farms? If Massachusetts had a tariff rate of 45 per cent on manufactures, while New Hampshire's tariff was only 25 per cent, would you favor allowing the farm products of this State to be sold freely in competition with those of Massachusetts?

You have in the past worked and voted for high tariff taxes for the manufacturers. You evidently think that they are a sacred class, entitled to privileges for which the humble farmer is not worthy. I beg to assure you that the farmers are quite capable of protecting their industry without the advice or assistance of any outside interests, and that if this reciprocity scheme becomes law they will promptly take such action as may be necessary to give the protected manufacturers the same treatment that has been dealt out to the farming industry.

I learn by newspaper reports that, as a member of the Committee on Ways and Means, you voted against reporting House bill 4413, putting on the free list agricultural implements, cotton bagging, cotton ties, leather, boots and shoes, fence wire, meats, cereals, flour, bread, timber, lumber, sewing machines, salt,

and other articles, giving as a reason for your action the fact that there had been no report by the Tariff Board on the cost of producing these articles in this and foreign countries.

In view of the fact that you voted for the Canadian reciprocity bill, which puts on the free list practically all the staple farm products, without any consideration by the Tariff Board of the question as to whether these articles could be produced more cheaply in Canada than in the United States, I would like to know whether you think there should be one rule governing tariff legislation for the farmers and another for the manufacturers? Do you think it fair that farm products should be made free without an investigation into the cost of production, and that manufactured articles should be taxed unless it can be shown that they can be produced as cheaply in this country as in other countries? And do you hold that the pledge to maintain the policy of protection, made in the Republican platform of 1908, was intended to apply only to manufacturing industries, and that the farming industry is not entitled to protection?

In your speech in favor of the reciprocity bill delivered on February 11, 1911, you stated that "the most odious of all taxes ever devised by government is a tax upon bread." The bill introduced by Mr. Underwood, H. R. 4413, puts flour, bread, biscuits, prepared cereal foods, etc., on the free list, yet you voted against reporting that measure. The Canadian reciprocity bill puts wheat, oats, rye, and other cereals on the free list, but taxes flour, oatmeal, and other manufactured forms of these grains. Is this what you call untaxing bread? The people of our towns and cities do not eat wheat or oats; they eat the food products manufactured from them. Are the farmers to understand that you favor free trade for their products in the form in which they leave the farm, but protection on the articles manufactured from them in the form in which they reach the consumer?

If you believe in untaxing the people's food, why did you vote for the Payne-Aldrich Tariff Act of 1909, which imposed a tariff tax amounting to nearly 80 per cent on sugar, a food product of universal consumption? Are you aware of the fact that the sugar tax imposes a much heavier burden on the average family than does the tax on wheat or flour?

If you and your associates, who call themselves protectionists but vote for free trade for the farmer, have any doubt as to the real sentiment of the great majority of the farmers of all the New England, Northern, and Northwestern States on this question, you are destined to a rude awakening on the first Tuesday of November, 1912.

Yours, very truly,

N. J. BACHELDER,  
Master National Grange.

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NATIONAL GRANGE, PATRONS OF HUSBANDRY,

April 25, 1911.

HON. GEORGE C. PERKINS,

*United States Senate, Washington, D. C.*

DEAR SIR: I notice in the New York Herald of April 23 a statement of the result of an alleged poll of the Members of the Senate on the question of Canadian reciprocity, in which you are set down as favoring that legislation. Of course, I understand that statements of this kind are often made without authority, and trust that it is so in this case and that you will not vote for the reciprocity bill.

You represent a State that has very large agricultural interests, all protected under the present tariff law. The duties on such products as oranges, lemons, raisins, figs, prunes, and other dried and preserved fruits are much higher than those on other farm products, such as cattle, sheep, apples, wheat, cheese, butter, eggs, and hay, which the reciprocity bill puts on the free list. Do you think it fair that certain fruits grown largely in California should be highly protected, while the farm products of other States should be subjected to the free competition of Canadian products? You are a Republican and a protectionist. Do you think that protection should be sectional—that is, that the products of some States only are entitled to protection, while those of other States should receive none?

The enactment of the reciprocity bill is being urged by President Taft on the ground that it will reduce the cost of living. Would not a reduction in the price of oranges, lemons, prunes, raisins, etc., benefit the consumer as well as lower prices for apples, pears, or potatoes? Why should the reciprocity bill

make an exception of citrus fruits? Canada grows none of these fruits, and the bill applies only to articles produced in that country. Why then this exception to the provision putting fruits on the free list?

As the representative of an organization of farmers with nearly 1,000,000 members, I would respectfully submit that all the farmers of the country are either entitled to protection or they are not. If the staple crops of all the Northern States are denied protection, the farmers will insist that the products of other States must also be free. There can not be one tariff system for California and another for New Jersey, and if the peaches of the latter State are refused protection there is no good reason why California lemons and oranges should be protected.

I notice in the Congressional Record that petitions asking that lemons be put on the free list are already being sent in to Congress. How can you expect to retain the duties on Californian fruits when the fruits of other States have been put on the free list?

The farmers of the country do not object to an honest downward revision of the tariff, but they insist that such revision should not be confined to farm products, but that the duties on the manufactured articles the farmer buys should be reduced to the same extent at the same time. Is this not fair? Is it not just?

I beg to assure you that if the farmers are forced to sell their products in a free-trade market they will insist on the right to buy under free-trade conditions, and they will demand that they be allowed to buy Spanish raisins, Italian lemons, or West Indian oranges without paying protective tariff duties for the benefit of one or two States.

I trust that you will give this phase of the question your careful consideration, and that you will consistently vote against Canadian reciprocity so long as you favor protection to any industry or interest of your own State.

Yours, very truly,

N. J. BACHELDER.

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NATIONAL GRANGE, PATRONS OF HUSBANDRY,  
Concord, N. H., May 23, 1911.

WORTHY PATRON: We inclose copies of petition protesting against the enactment of the Canadian reciprocity bill, and asking that if that measure is to be enacted it should be amended so as to reduce the tariff taxes on all manufactured articles to the rates paid by the Canadian farmers.

It is plain that the farmers of Canada have an advantage over our farmers in that they pay much lower duties on the goods they buy, and if Congress persists in enacting the one-sided, unfair reciprocity bill it should at least put our farmers on an equality with the Canadian farmers by reducing the tariff on manufactures to the Canadian rates.

Please have these petitions signed by the officers of your grange, and send one of them to each of your United States Senators at the earliest possible date. It is of the utmost importance that this action be taken immediately.

We would again urge that you have as many farmers as possible write personal letters to their Senators, protesting against the reciprocity bill as an unjust discrimination against the farming industry. The letters already sent in have had a good effect, and if the farmers generally will make their wishes known to their Senators we are hopeful that this unjust measure will be defeated in the Senate.

Yours, fraternally,

NAHUM J. BACHELDER,  
T. C. ATKESON,  
AARON JONES,

Legislative Committee National Grange.

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To the honorable Senate of the United States, Washington, D. C.:

We, the undersigned farmers, protest against the enactment of the Canadian reciprocity bill now pending in Congress as a measure that will seriously injure the farming interests of the country, and we demand that so long as protection is to be the national policy our products shall also receive protection.

If the Canadian reciprocity bill, which puts all staple farm products on the free list, is to be enacted, it should be so amended as to provide that the tariff

duties on all manufactured articles shall be reduced to the rates paid by the Canadian farmers, whose products will be admitted to our markets free.

The Canadian tariff law has three kinds of tariff rates, the lowest being the British preferential tariff. As the greater part of the manufactured goods imported into Canada from Europe come from Great Britain, and as the goods imported from other countries must be as low in price as those coming from Great Britain, else they would not be purchased, it is only fair to take the rates of duty on British goods as the standard of comparison with our tariff rates. The following statement shows that on articles generally used by the Canadian farmer he pays an average tariff tax of from 20 to 35 per cent less than is paid by our farmers.

	Canadian tariff.	United States tariff.
Tableware.....	15 per cent.	60 per cent.
Tin plate.....	Free.	45 per cent.
Tinware.....	15 per cent.	Do.
Wire, some kinds free, none over.....	10 per cent.	75 cents per 100 pounds.
Hats.....	20 per cent.	53 per cent.
Sugar.....	35 per cent.	80 per cent.
Carpets.....	25 per cent.	60 per cent.
Oilcloth.....	do.	45 per cent.
Furniture.....	20 per cent.	35 per cent.
Cotton cloth.....	25 per cent.	50 to 60 per cent.
Gloves and mitts.....	22½ per cent.	60 per cent.
Hosiery.....	25 per cent.	45 to 65 per cent.
Automobile farm trucks.....	25 per cent.	45 per cent.
Pianos.....	20 per cent.	Do.
Celluloid goods, some kinds free, none over.....	25 per cent.	60 per cent.
Underclothing.....	22½ per cent.	45 to 60 per cent.
Salt in bags.....	Free.	11 cents per 100 pounds.
Axes.....	15 per cent.	45 per cent.
Shovels.....	20 per cent.	Do.
Scythes.....	15 per cent.	Do.
Stoves.....	do.	Do.
Chains (iron).....	5 per cent.	45 per cent and up.
Knives and forks.....	20 per cent.	50 to 65 per cent.
Agate ware.....	22½ per cent.	40 per cent.
Sewing machines.....	20 per cent.	30 per cent.
Oranges.....	Free.	1 cent per pound and 30 per cent on the package.
Lemons.....	do.	1½ cents per pound and 30 per cent on the package.
Window glass.....	7½ per cent.	60 to 75 per cent.
Rice.....	50 cents per 100 pounds.	\$2 per 100 pounds.
Figs.....	40 cents per 100 pounds.	\$1 per 100 pounds and 35 per cent.
Jute bags.....	15 per cent.	45 per cent.
Cotton thread.....	17½ per cent.	Do.
Glassware.....	15 per cent.	60 to 100 per cent.
Lamp chimneys.....	20 per cent.	60 per cent.
Brass goods.....	do.	45 per cent.
Lamps.....	do.	45 to 60 per cent.
Rubber coats.....	22½ per cent.	35 per cent.
Rubber boots and shoes.....	15 per cent.	Do.
Books.....	do.	25 per cent.
Lead.....	10 per cent.	80 per cent.
Clocks and watches.....	20 per cent.	40 to 60 per cent.
Bicycles.....	do.	45 per cent.

Contrast the high tariff taxes on the manufactured articles our farmers buy with the provisions of the Canadian reciprocity arrangement, which put on the free list the following products the farmers sell: Cattle, horses, sheep, hogs, lambs, and all live animals; wheat, rye, oats, barley, buckwheat, peas, and beans; hay, straw, potatoes, onions, cabbage, and all other vegetables; apples, pears, peaches, and all other fruits; butter, cheese, fresh milk, and cream; poultry and eggs; flaxseed, grass seed, and other seeds.

We would respectfully submit that no civilized nation in the world would negotiate a treaty with another country having a much lower tariff, under which the farm products of the low-tariff country would compete freely with the products of farmers paying the high tariff taxes. It is self-evident that the farmers buying goods lightly taxed would have an advantage over their competitors who were compelled to buy the highly taxed articles.

It is said that trade in farm products between Canada and the United States should be as free as trade between Pennsylvania and New Jersey. If the State

of Pennsylvania had a tariff rate of 50 per cent on manufactures, while the New Jersey tariff was only 25 per cent, no fair-minded person would claim that it would be just to allow the products of New Jersey farmers to be sold in Pennsylvania in free competition with those of the latter State. Under the same principle it would be manifestly unfair to allow the products of low-tariff Canada to compete, free of duty, with the products of our more heavily taxed farmers. We would ask, therefore, that if the Canadian reciprocity bill is to be favorably considered by the Senate it should put our farmers on an equal footing with the Canadian farmers by reducing all duties on manufactured articles to the low rates imposed by the Canadian tariff. Unless such reduction of duties is made a part of the reciprocity bill it will be impossible to secure the adoption of lower rates, as the following extract from a statement given out from the White House, through Representative McCall, will show: "The President is a protectionist and expects to use the veto power, so far as he properly may, to maintain the party's protective principles." This can only mean that a bill reducing duties will be vetoed by the President.

Approved:

NAHUM J. BACHELDER,  
T. C. ATKESON,  
AARON JONES,

*Legislative Committee National Grange.*

*To the honorable Senate of the United States, Washington, D. C.:*

We the undersigned farmers, respectfully urge that the Canadian reciprocity bill now pending in Congress should not become law, for the following reasons:

1. The bill provides for the admission free of duty of all Canadian farm products. Since Canada is the only country from which any considerable quantity of these products can under any circumstances be imported, this would result in practically free trade in everything the farmer produces.

2. While putting farm products on the free list the reciprocity bill makes no material reduction in the high tariff rates on all the manufactured articles the farmer buys, and therefore gives no relief from the heavy burden of taxation imposed by these duties.

3. The theory on which our protective policy has always been defended is that all classes and interests are equally entitled to protection. The farmers, however, receive much less protection than the manufacturers, for while farm products are taxed on the average about 25 per cent, manufactured articles are taxed on an average about 45 per cent.

4. The enactment of the Canadian reciprocity bill would still further discriminate against the farmers, by abolishing the comparatively slight protection now given them, while leaving the high protective duties on manufactures practically untouched.

5. The Canadian farmers, by reason of their lower general tariff and their preferential trade arrangements, can buy manufactured goods at lower prices than those prevailing in this country. The prices of farm lands in Canada are also much lower than in the United States. These conditions give the Canadian farmers an advantage over us, and the free admission of their products will subject us to unfair competition.

6. We hold that the farmers should receive exactly the same measure of protection as is given the manufacturers, and that there must be no reduction of duties on farm products, either by reciprocity or tariff revision, unless the duties on all manufactured articles are at the same time correspondingly reduced.

7. To show that this reciprocity measure is not an honest effort to reduce the cost of living in the interest of the consumer it is sufficient to point out that while wheat is on the free list flour is taxed 50 cents per barrel, and that while cattle, sheep, and hogs are free, meats, both fresh and cured, are taxed 1½ cents per pound for the benefit of the Meat Trust.

As the adoption of the proposed reciprocity law would be a serious injury to the farming interests of this country, and would greatly reduce the value of our farm lands while increasing the value of Canadian farms, we earnestly protest against its enactment.



# CANADIAN FARMERS FAVOR RECIPROCITY BECAUSE IT WILL OPEN UP OUR MARKETS TO THEIR PRODUCTS.

## AT WHOSE EXPENSE WILL THE CANADIAN FARMER PROFIT?

The following article, reprinted from the Evening Star, of Washington, D. C., shows why the Canadian farmers favor the reciprocity bill which will be submitted to the special session of Congress. It also shows just why our farmers should oppose reciprocity, and should write to their Senators and Congressmen, urging them to vote and work against that unjust legislation.

Representative Campbell, of Kansas, who has been through Canada on a "reciprocity tour," studying all the facts he could gather as to the reciprocity situation there, called on President Taft to-day to speak of the visit. Asked for his observations, he made the following statement:

"In all parts of Canada I found those who favor the treaty doing so because they said it removes what they call our tariff barrier, and lets the products of their farms into our markets free of duty.

"Farmers everywhere complain that now they can not fairly compete with the American farmers, for when they send any of their products here they get our prices, less the duty. Farmers, fishermen, lumber, pulp, and paper men expect to be benefited to the amount of the tariff removed by the treaty."

Let me give you just what some of them say:

George Daborn, of Minudie, Nova Scotia: "It will be worth a fortune to farmers here to have reciprocity with the United States."

John F. Wallace, of Hillsboro, New Brunswick: "I believe reciprocity will be the means of opening a market to the farmers of the Maritime Provinces."

James W. Alvord, of Townsend Center, Ontario: "It is just what we farmers have been looking for for 40 years—waiting with patience."

James Burnett, of Napiinka, Manitoba: "I think it will be of great benefit to the farmers of this country."

W. Fowler, Kenly, Saskatchewan: "It will put from 5 to 25 cents per bushel on grain; also help American immigration."

O. S. Rosenroll, of Wetaskewin, Alberta: "To us in Alberta it means markets and increased prosperity. The value of our farms will increase, our cattle industry will flourish, and our grain crop will be worth from 10 to 20 per cent more."

## RAISING GOOD WHEAT.

"I found that Canada produces all the grain products we produce in the United States. It is not a great corn country, but they raised about 25,000,000 bushels last year. They raise more wheat, oats, rye, and barley to the acre than we do. They are raising good wheat now as far north as the seventieth degree north latitude. The area of Canada is almost half a million square miles larger than that of the United States. The soil is fertile, the climate and the seasons favorable, and land is cheap. All they need is a market—people to eat what they produce. They have less than 8,000,000 people in the entire Dominion.

"The combined population of Minneapolis and St. Paul, Milwaukee, Chicago, Duluth, Buffalo, and New York is eight and three-quarter millions. These cities are at their door. They can get most of their products into most of these cities by water transportation.

"What about prices? Farm machinery costs about the same there as here. There is one large concern that manufactures most of the machinery in the Dominion. Binders sell for \$125 to \$130. The difference is in the price of grain. Take wheat. The price at Winnipeg and Minneapolis affords a fair comparison. July 31, 1909, the price at Winnipeg was \$1.19; at Minneapolis, \$1.32. August, Winnipeg, \$1.12; Minneapolis, \$1.28. December, Winnipeg, \$0.96½; Minneapolis, \$1.12½. January 1, 1910, Winnipeg, \$1.03; Minneapolis, \$1.15½. April 23, 1910, Winnipeg, \$1.01½; Minneapolis, \$1.11. September 24, 1910, Winnipeg, \$1.01; Minneapolis, \$1.12½. November 19, 1910, Winnipeg, \$0.94½; Minneapolis, \$1.04½. January 7, 1911, Winnipeg, \$0.93½; Minneapolis, \$1.08½. January 21, 1911, Winnipeg, \$0.94½; Minneapolis, \$1.04½.

## VARIATION IN PRICE.

"On the 31st of last December the price of wheat at Pembina, N. Dak., was 91 cents, while across the line in Canada, at Emerson, less than a mile away, the price was 81 cents.

"The distance by the Canadian transcontinental railways from Winnipeg through Montreal to Liverpool is 652 miles less than the distance from Minneapolis to Liverpool through New York or Boston, and the rate is a little less by the Canadian route.

"Sir Wilfred Laurier's government believes the difference in the price on the two sides of the line is due to our tariff. His government looks on the removal of that tariff as the best possible thing that could be done for the Canadian farmer."

# CANADIAN HAY COMPETES WITH THE PRODUCT OF OUR FARMS.

UNDER RECIPROCITY HAY WOULD BE FREE, AND IMPORTS FROM CANADA WOULD BE GREATLY INCREASED.

Some important information respecting the production of hay in Canada is furnished in a report by Gebhard Willrich, United States consul at Quebec, published in the United States Daily Consular and Trade Reports of April 5, 1911. This report shows that the Province of Quebec has a large surplus of hay, and that the price is so low that it can be exported to this country, notwithstanding the duty of \$4 per ton. If Canadian hay can compete with our hay in spite of the duty on foreign hay, it is evident that with the duty entirely abolished, as provided by the Canadian reciprocity bill, much larger quantities would immediately be brought in, thus depriving our farmers of a considerable part of their market for hay. Hay growers who do not like the idea of having their product displaced by cheaper hay from Canada, grown on cheaper land, with cheaper labor, should write to their Senators and Congressman, and tell what they think about the reciprocity scheme.

## HAY CROP OF CANADA.

[From Consul Gebhard Willrich, Quebec.]

The total area under hay and clover in Canada in 1910 amounted to 8,515,400 acres, yielding a total of 15,498,000 tons, valued at \$149,716,000. Hay and clover thus constituted the largest and most valuable field crop of the Dominion in 1910; oats, \$114,385,000, coming next; with wheat, \$98,525,000, third.

A comparison of the hay crop of 1910 with that of 1908 and 1909 is given in the following table:

Years.	Acres.	Yield per acre.	Total yield.	Total value.
		<i>Tons.</i>	<i>Tons.</i>	
1910.....	8,515,400	1.81	15,498,000	\$149,716,000
1909.....	8,210,300	1.44	11,822,800	132,287,700
1908.....	8,210,900	1.39	11,413,000	121,884,000

## HAY CROP OF QUEBEC.

The total area under hay and clover in the Province of Quebec in 1910 aggregated 3,090,800 acres, the yield amounting to 5,502,000 tons, valued at \$51,114,000. Hay is by far the largest and most valuable crop of this Province, oats, valued at \$21,628,000, coming next.

Information other than official shows that the quantity as well as quality of the hay crop of Quebec was much better than in 1909, the second grade of 1910 being as good as grade No. 1 of 1909. Inferior Quebec hay is generally disposed of in European markets, while the better qualities of clover mixed and timothy are shipped to the eastern markets in the United States.

## EXPORTS TO THE UNITED STATES—QUALITY OF CROP.

There is quite a surplus of hay now in the Province, and according to reliable information thousands of tons could be shipped to the States during the ensuing months if enough cars could be had for that purpose. The months of

April and May are not so convenient as March for the farmers to ship their hay, but June would be as good as March for such shipments. Firms wishing to import hay should therefore make their arrangements at as early a date as possible to give dealers and farmers proper opportunity to get their hay to the railroad stations.

Regarding the quality of last year's hay crop, it should also be noted that in the districts which lie along the line of the Quebec, Montreal & Southern Railway from Fortierville, Lotbiniere County, to Sorel, Richelieu County, and from Sorel to St. Hyacinthe and west, there is more clover-mixed hay than in previous years and the color in all grades is not quite so good.

#### FREIGHTS AND PRICES.

Freight rates are given as 18 cents per 100 pounds from shipping points east of Quebec to stations on the Boston & Maine and Bangor & Aroostook Railways in Massachusetts and Rhode Island. The average rate to points on the New York, New Haven & Hartford Railway is 20 cents per 100 pounds; to points via the New York Central & Hudson River Railway, 18 to 19 cents. The rate to Philadelphia and Baltimore is 27½ cents.

The prices per ton of small and medium bales of timothy are as follows: Strictly No. 1, \$12; fair No. 1, \$10.50; extra No. 2, \$9; ordinary No. 3, \$7.50.

Clover: Mixed No. 1, \$8; mixed No. 2, \$7; No. 1 unmixed, \$7; No. 2 unmixed, \$6. The prices are, of course, subject to fluctuations. Canadian hay pays a duty of \$4 on entering the United States.

#### CANADIAN FARMERS PAY LOWER TARIFF TAXES THAN FARMERS IN THIS COUNTRY— DUTIES ON MANUFACTURED ARTICLES USED BY OUR FARMERS 20 TO 35 PER CENT HIGHER THAN THOSE PAID BY CANADIAN FARMERS.

It is claimed by President Taft, Secretary of Agriculture Wilson, and other advocates of Canadian reciprocity that our farmers will not be injured by admitting the farm products of Canada free of duty, because the cost of production is the same in Canada as in this country. This proposition is denied by the National Grange, which has maintained that the Canadian farmer has the advantages of cheaper land, cheaper farm labor, and soil which requires no fertilizers, and that the cost of the manufactured articles which the farmers of both countries use is lower in Canada than in the United States. Proof of its contention in regard to the prices paid by the Canadian farmer for the manufactures which he buys is furnished by an examination of the Canadian tariff duties. Canada has three kinds of tariff rates, a general tariff, an intermediate tariff, and a British preferential tariff. As the greater part of the manufactured goods imported into Canada come from Great Britain, and as the goods imported from other countries must be as low in price as those coming from Great Britain, else they would not be purchased, it is only fair to take the rates of duty on British goods as the standard of comparison with our tariff rates. The following statement shows that on articles generally used by the Canadian farmer he pays an average tariff tax of from 20 to 35 per cent less than is paid by our farmers:

	Canadian tariff.	United States tariff.
Earthenware.....	15 per cent.	60 per cent.
Tin plate.....	Free.	45 per cent.
Tinware.....	15 per cent.	Do.
Wire:		
Some kinds.....	Free.	
None over.....	10 per cent.	75 cents per 100 pounds.
Hats.....	20 per cent.	55 per cent.
Sugar.....	35 per cent.	80 per cent.
Carpets.....	17½ per cent.	60 per cent.
Oil cloth.....	25 per cent.	45 per cent.
Furniture.....	20 per cent.	35 per cent.
Cotton cloth.....	25 per cent.	50 to 60 per cent.
Soap.....	65 cents per 100 pounds.....	50 per cent.
Gloves and mitts.....	22½ per cent.	60 per cent.
Hose.....	25 per cent.	70 cents per dozen pair, and 15 per cent. to \$5 per dozen pair and 55 per cent.
Dress goods.....	15 per cent.	60 per cent.
Automobile farm trucks.....	22 per cent.	45 per cent.

	Canadian tariff.	United States tariff.
Pianos.....	20 per cent.....	45 per cent.
Celluloid goods:		
Some kinds.....	Free.....	60 per cent.
None over.....	5 per cent.....	10 per cent.
Cement.....	22½ per cent.....	45 per cent.
Underclothing.....	Free.....	11 cents per 100 pounds.
Salt.....	15 per cent.....	45 per cent.
Axes.....	20 per cent.....	Do.
Shovels.....	15 per cent.....	Do.
Scythes.....	5 per cent.....	Do.
Stoves.....	20 per cent.....	45 per cent and up.
Chains (iron).....	22½ per cent.....	50 to 65 per cent.
Knives and forks.....	20 per cent.....	40 per cent.
Agate ware.....	20 per cent.....	30 per cent.
Sewing machines.....	Free.....	1 cent per pound and 30 per cent on the package.
Oranges.....	.....do.....	1½ cents per pound and 30 per cent on the package.
Lemons.....	7½ per cent.....	60 to 75 per cent.
Window glass.....	60 per cent per 100 pounds.....	\$2 per 100 pounds.
Rice.....	40 cents per 100 pounds.....	\$1 per 100 pounds and 35 per cent.
Figs.....	15 per cent.....	45 per cent.
Jute bags.....	17½ per cent.....	Do.
Cotton thread.....	15 per cent.....	60 to 100 per cent.
Glassware.....	20 per cent.....	60 per cent.
Lamp chimneys.....	.....do.....	45 per cent.
Brass goods.....	.....do.....	45 to 60 per cent.
Lamps.....	Free.....	40 to 60 per cent.
Baskets.....	15 per cent.....	35 per cent.
Rubber coats.....	.....do.....	Do.
Rubber boots and shoes.....	.....do.....	25 per cent.
Books.....	Free.....	2½ cents per pound.
Lead.....	20 per cent.....	40 to 60 per cent.
Clocks and watches.....	.....do.....	45 per cent.
Bicycles.....		

Contrast the high tariff taxes on the manufactured articles our farmers buy with the provisions of the Canadian reciprocity arrangement, which put on the free list the following farm products:

Cattle, horses, sheep, hogs, lambs, and all live animals.

Wheat, rye, oats, barley, buckwheat, peas, and beans.

Hay, straw, potatoes, onions, cabbage, and all other vegetables.

Apples, pears, peaches, and all other fruits.

Butter, cheese, fresh milk, and cream.

Poultry and eggs.

Flaxseed, grass seed, and other seeds.

The figures given above show conclusively that the Canadian farmer buys manufactured articles at lower prices than are paid by our farmers. The other contentions of the National Grange, as to lower prices of Canadian farm lands and lower wages of Canadian farm labor, are established by official reports, which show that the average value of farm lands in Canada is less than one-half of the value of those in this country, and that the wages of farm labor in the United States are from 20 to 25 per cent higher than in all sections of Canada, with the exception of the Canadian Northwestern Provinces, where the rate of wages is about the same as in our Northwestern States. The value of farm lands in the Canadian northwest is, however, not one-third of the value of lands in Iowa, Nebraska, Minnesota, and other neighboring States.

In view of these facts, how can it be reasonably claimed that the cost of producing farm crops is not higher in this country than in Canada?

Senator STONE. These papers which you have handed me are all the papers, documents, or literature that have been circulated by the National Grange in opposition to the reciprocity bill?

Mr. BACHELDER. All that has been circulated by the National Grange in opposition to the reciprocity bill. As I said, we sent out 8,000 copies of the bill and the President's message and 25,000 copies of Senator McCumber's speech.

Senator STONE. In addition to these papers?

- Mr. BACHELDER. In addition to these.

Senator STONE. Who prepared these papers?

- Mr. BACHELDER. The legislative and executive committee, with the assistance of Allen & Graham.

Senator STONE. With the assistance of Allen & Graham. Well, did not Allen & Graham prepare them with the assistance of the legislative committee?

Mr. BACHELDER. No, sir.

Senator STONE. Who prepared them in the first instance?

Mr. BACHELDER. Well, some of them the legislative committee prepared in the first instance and some Allen & Graham; they were always submitted to the legislative committee and revised. They went out under the responsibility of the National Grange, over their signatures. Allen & Graham assisted in the preparation.

Senator STONE. Here is a paper marked "National Grange, P. of H., office of the legislative committee, Concord, New Hampshire, March 24, 1911. To the Patrons of Husbandry of the United States," signed by you, T. C. Atkeson, and Aaron Jones, and approved by certain others. Who prepared that?

Mr. BACHELDER. I prepared it.

Senator STONE. Is that the first paper that was approved?

Mr. BACHELDER. I do not remember about that, the date will probably show. I remember preparing it.

Senator STONE. Did Allen & Graham have anything to do with the preparation of that paper?

Mr. BACHELDER. No; they are advisers.

Senator STONE. Where was it prepared?

Mr. BACHELDER. I think that was prepared in the Manhattan Hotel, New York, by the legislative committee.

Senator STONE. In the office of Allen & Graham?

Mr. BACHELDER. At the Manhattan Hotel.

Senator STONE. Did you write it yourself?

Mr. BACHELDER. I did.

Senator STONE. And submitted it to Allen & Graham?

Mr. BACHELDER. Submitted it to the other members of the committee and to Allen & Graham.

Senator STONE. Did Allen & Graham make any amendments to the original draft?

Mr. BACHELDER. I do not remember whether they did or not.

Senator STONE. Who sent it out?

Mr. BACHELDER. I sent it out.

Senator STONE. Did Allen & Graham distribute any of those?

Mr. BACHELDER. No; they were all sent out by me from Concord, N. H.

Senator STONE. Did you send out any documents without consulting Allen & Graham?

Mr. BACHELDER. Why, I think so. I do not recall.

Senator STONE. Here is a document addressed to the "Honorable Senate of the United States, Washington, D. C.: We, the undersigned farmers, protest against the enactment of the Canadian reciprocity bill now pending in Congress," etc. Who prepared that?

**Mr. BACHELDER.** Well, I might have prepared it; Allen & Graham might have prepared it.

**Senator STONE.** Well, do you not know who prepared it?

**Mr. BACHELDER.** I am not certain who prepared it, in the first instance. I know that if they did prepare it, the legislative committee revised and accepted it when it was prepared.

**Senator STONE.** Who constitutes the legislative committee?

**Mr. BACHELDER.** Aaron Jones, master Indiana State Grange; T. C. Atkeson, master West Virginia State Grange, both of whom were here on Monday.

**Senator STONE.** And yourself?

**Mr. BACHELDER.** And myself.

**Senator STONE.** Well, when Allen & Graham desired to send out a document, did they submit it to all three of you before it was sent out?

**Mr. BACHELDER.** Sometimes, and sometimes I approved it for the committee.

**Senator STONE.** Generally, you approved it for the committee, did you not?

**Mr. BACHELDER.** Not generally, but at times.

**Senator STONE.** Did you assemble the committee to pass upon a document that Allen & Graham had prepared?

**Mr. BACHELDER.** No; not solely. We had meetings of the committee, and at the time of these meetings these matters would come before it.

**Senator STONE.** How often did you have meetings of that committee?

**Mr. BACHELDER.** I think we had been meeting about once a month for the last four or five months.

**Senator STONE.** Now, in the interval between these monthly meetings, were not documents prepared and circulated by Allen & Graham?

**Mr. BACHELDER.** Not circulated by Allen & Graham; circulated by me, if they were circulated; and I presume that I acted for the legislative committee on some of those documents.

**Senator STONE.** When Allen & Graham prepared a document, did they send it to you?

**Mr. BACHELDER.** Yes.

**Senator STONE.** Sent it to you in New Hampshire?

**Mr. BACHELDER.** Yes.

**Senator STONE.** And you passed on it?

**Mr. BACHELDER.** I passed on it or revised it; and if it was of enough importance to submit to the members of the legislative committee I sent it around to them frequently and got their signatures on it.

**Senator STONE.** Now, after you had approved it, or after the legislative committee had approved it, what was done with it?

**Mr. BACHELDER.** It was printed and mailed.

**Senator STONE.** Who printed it?

**Mr. BACHELDER.** I think it was printed in New York.

**Senator STONE.** Who had it printed?

**Mr. BACHELDER.** Allen & Graham.

**Senator STONE.** Who circulated it?

Mr. BACHELDER. I circulated it.

Senator STONE. From where?

Mr. BACHELDER. Concord, N. H.

Senator STONE. After it was printed, was the printed matter sent to you at Concord?

Mr. BACHELDER. Absolutely; every package.

Senator STONE. It was sent there and you distributed it from Concord?

Mr. BACHELDER. From Concord.

Senator STONE. Inclosed in envelopes or wrappers bearing the National Grange heading?

Mr. BACHELDER. Yes, sir.

Senator STONE. Showing that it was sent from the headquarters?

Mr. BACHELDER. Yes, sir.

Senator STONE. What legal matters did you ever consult Allen & Graham about?

Mr. BACHELDER. I do not recall that I ever did. It was in relation to legislative matters that we employed them.

Senator STONE. Promoting or preventing legislation?

Mr. BACHELDER. Promoting or preventing legislation that the National Grange stood for or against.

Senator STONE. Then, when Mr. Hull said here before this committee on May 12, "When the grange has needed legal assistance for several years past, we have consulted Messrs. Allen & Graham," he was mistaken, was he?

Mr. BACHELDER. That is true that they were generally regarded as attorneys, and I do not know but that they are attorneys.

Senator GALLINGER. And I suppose Mr. Hull may have consulted them along different lines from what you did?

Mr. BACHELDER. He may have.

Senator STONE. You said they were employed by the legislative committee?

Mr. BACHELDER. Legislative and executive committees. The executive committee is the governing body in the interim between the national conventions.

Senator STONE. Is Mr. Hull a member of the executive committee?

Mr. BACHELDER. No.

Senator STONE. What right would he have to consult these gentlemen in the name of the National Grange?

Mr. BACHELDER. He is master of the State Grange of Michigan and interested in promoting the legislation that the National Grange stands for, and, being here for that purpose, he may have consulted Allen & Graham in the name of the National Grange.

Senator STONE. Do you know that he ever did consult them?

Mr. BACHELDER. I do not know that, except from his statement.

Senator STONE. I want to ask you again, specifically, whether this statement of Mr. Hull is correct or incorrect, that "when the Grange has needed legal assistance for several years past we have consulted Messrs. Allen & Graham."

Mr. BACHELDER. I can not say whether that is correct or not.

Senator STONE. It is not correct, so far as you are concerned, you say; that is, you have not consulted them on any legal matters?

Mr. BACHELDER. Well, not specially; I do not recall any legal matter that I have consulted them on.

Senator STONE. Governor, you consulted them about aiding you in promoting or preventing legislation?

Mr. BACHELDER. Absolutely.

Senator STONE. What did you consult them about; the best way of proceeding?

Mr. BACHELDER. The best way of securing the passage of the bill or defeating it.

Senator STONE. You considered they were experts in that particular line?

Mr. BACHELDER. I considered they were skillful along that line.

Senator STONE. Hence you were cooperating with men who knew how to manipulate legislative bodies?

Mr. BACHELDER. We hunted for men who knew how to do the things that we wanted done.

Senator GALLINGER. In a legitimate way, I suppose?

Mr. BACHELDER. In a legitimate way.

Senator GALLINGER. In the interests of publicity?

Mr. BACHELDER. That is true.

Senator STONE. Did Messrs. Allen & Graham ever sign your name to documents?

Mr. BACHELDER. No.

Senator STONE. Did they ever sign your name to any paper?

Mr. BACHELDER. I do not think they did; I never knew them to.

Senator STONE. Were letters sent out by you or by them to many people throughout the country in addition to these printed matters?

Mr. BACHELDER. Why, more or less letters were sent out by me; none by them.

Senator STONE. None by them?

Mr. BACHELDER. None by them.

Senator STONE. Not one?

Mr. BACHELDER. Not one, that I know of.

Senator STONE. So you, as I understand it, Gov. Bachelder, were employing two men whom you considered experts in securing the passage of legislation or preventing its passage; in other words, men who are generally called "lobbyists"?

Mr. BACHELDER. No.

Senator STONE. In other words, men who are generally termed "lobbyists," and who, at the same time, were in the employ and receiving compensation from other large interests; and you permitted them to use the National Grange to accomplish things the other interests were as much concerned in as you were?

Mr. BACHELDER. We did not ask them—

Senator STONE. All to be done legitimately, of course?

Mr. BACHELDER. We did not ask them what other interests they were working for, providing they did the work we wanted done in the way that we thought it should be done, to prevent the passage of this reciprocity matter.

Senator WILLIAMS. To accelerate public opinion?

Mr. BACHELDER. It was impossible to get matters into the papers, and therefore we had to circularize the country, and had them to assist us.



Senator STONE. And you were lending the assistance of the grange to prevent or to secure the passage of legislation in which other large interests were concerned, and for which other large interests were paying and footing all the bills?

Mr. BACHELDER. No; we were not lending assistance to them; we were borrowing their assistance.

Senator STONE. Put it that way, if you prefer. Were Allen & Graham, or either of them, at the last meeting of the National Grange?

Mr. BACHELDER. I think they were.

Senator STONE. And at previous meetings?

Mr. BACHELDER. Why, I can not remember about that.

Senator STONE. Well, try to remember.

Mr. BACHELDER. I think they were at some sessions previous to the last.

Senator KERN. Where was that held?

Mr. BACHELDER. Held at Des Moines, Iowa, the session before that.

Senator STONE. What were they there for, not being members of the grange?

Mr. BACHELDER. They were there to assist us in advising in legislative matters; they were our legislative advisers.

Senator STONE. What legislative matter was pending at the meeting of 1909?

Mr. BACHELDER. Why, the "parcels post," the "antioleomargarine law." The "good roads" was very prominent at that time and the election of Senators by the people. [Laughter.]

Senator GALLINGER. And the "merchant marine" that the National Grange so zealously opposed.

Senator STONE. The grange was interested in the parcels post, election of Senators by the people, and the other things you have mentioned?

Mr. BACHELDER. It was.

Senator STONE. Were Allen & Graham employed by the National Grange to promote that legislation?

Mr. BACHELDER. They were not.

Senator STONE. If they were not employed to do it, what were they at that meeting in 1909 for?

Mr. BACHELDER. I do not know if I can give any specific reason, except to advise us as we needed advice on legislative matters.

Senator STONE. Have Allen & Graham done any work for the grange in promoting legislation for the popular election of Senators?

Mr. BACHELDER. I do not recall that they have. The National Grange has.

Senator STONE. The National Grange?

Mr. BACHELDER. I am not certain but what they have. Allen & Graham have probably publicised all of the legislative policies that we had.

Senator STONE. Will you please tell me what Allen & Graham did, specifically, in publishing anything you wanted published about the election of Senators?

Mr. BACHELDER. They did it in helping to get up our literature, helping to prepare our literature.

Senator STONE. Did they prepare the literature for that?

Mr. BACHELDER. Now, I can not recall whether they did or not.

Senator STONE. Oh, you can not recall?

Mr. BACHELDER. I can not recall.

Senator STONE. Did they for the parcels post?

Mr. BACHELDER. Yes; they did.

Senator STONE. They did?

Mr. BACHELDER. Yes.

Senator STONE. Did they for any other matters?

Mr. BACHELDER. Good roads.

Senator STONE. Did they in opposition to the merchant marine?

Mr. BACHELDER. Yes; they helped us on that.

Senator STONE. Did the grange declare against the merchant-marine bill of Senator Gallinger?

Mr. BACHELDER. It did.

Senator GALLINGER. Very strongly, I regret to say.

Senator STONE. You circulated literature in opposition to it?

Mr. BACHELDER. Yes; the grange did that.

Senator STONE. Could you tell me if Allen & Graham did this for you?

Mr. BACHELDER. Why, they helped us do it. They did not do it for us. They did it with our assistance. It all went out in the name of the National Grange on all of these subjects.

Senator STONE. I understand that. What did they do?

Mr. BACHELDER. They helped us prepare the literature.

Senator STONE. Did they prepare any of it?

Mr. BACHELDER. Why, they might have prepared some of it for us.

Senator STONE. I understand they did it for you; and I am asking you whether they prepared any of it, no matter for whom?

Mr. BACHELDER. They prepared it, subject to our revision; yes, they did, subject to our revision.

Senator STONE. On the parcels post?

Mr. BACHELDER. Yes, sir; on the parcels post.

Senator STONE. And on the election of Senators?

Mr. BACHELDER. I think so; I am not positive about it.

Senator STONE. These other things?

Mr. BACHELDER. Yes, sir; these other things.

Senator STONE. And yet you never paid them a cent for all their services?

Mr. BACHELDER. I did not testify about that. I said we did not pay for anything in the denatured-alcohol matter.

Senator STONE. Have you paid them anything for services up to date?

Mr. BACHELDER. We have agreed to.

Senator STONE. On the reciprocity bill?

Mr. BACHELDER. On the reciprocity bill.

Senator STONE. But outside of and before the reciprocity bill, for all these services, running through several years, have you ever paid them a cent?

Mr. BACHELDER. I said I thought I would not answer that question.

Senator KERN. Let me ask you, before you leave that point. Were Allen & Graham, when attending your National Grange convention at Des Moines, introduced to the convention?

Mr. BACHELDER. Were Allen & Graham introduced to the convention? No, they were not members; they could not get inside.

Senator KERN. They were not inside?

Mr. BACHELDER. No; they were not present.

Senator KERN. Did you report to the National Grange the employment of Allen & Graham?

Mr. BACHELDER. I did. I have a copy here of the action of the National Grange. Excuse me, Senator, I will find it directly. This is at the session held in Denver in 1906:

*Resolved.* That a special vote of thanks be tendered to Allen & Graham, our chief counsel and advisers, and to George P. Hampton for the great services in aiding the grange in its campaigns on—

Senator KERN. "Grange campaign" against what? What campaign was on in 1906—1905?

Mr. BACHELDER. That had reference to the industrial-alcohol campaign.

Senator KERN. Did you continue to report from year to year the employment of these men?

Mr. BACHELDER. I am not certain about that, whether it was in the official proceedings or not.

Senator KERN. Did you ever report to the National Grange in a convention the payment of any sum of money out of the treasury of the grange to Allen & Graham?

Mr. BACHELDER. I do not think I have.

Senator STONE. Governor, is it not a fact that Allen & Graham attended meetings of the National Grange and meetings of the committees of the National Grange and interested them in legislation?

Mr. BACHELDER. It is not a fact.

Senator STONE. It is not a fact?

Mr. BACHELDER. They did not attend the meetings of the committees of the National Grange.

Senator STONE. Did they make no suggestions to the grange as to legislation—did they not initiate—

Mr. BACHELDER. They did not.

Senator STONE. Any suggestions?

Mr. BACHELDER. Absolutely not.

Senator STONE. Then were they invited to attend the meetings of the National Grange?

Mr. BACHELDER. It was their privilege, if they wanted to be in the city where the grange meetings were held, but they were not present and they could not attend.

Senator KERN. When Allen & Graham went from New York to Des Moines, Iowa, in 1909, did they pay their own expenses or were their expenses paid out of the treasury of the grange?

Mr. BACHELDER. They paid their own expenses, I suppose.

Senator KERN. Were they both there?

Mr. BACHELDER. No; Mr. Graham was not there; Mr. Allen was there.

Senator KERN. Were they in the habit of paying their own expenses when they attended these meetings of the grange in various parts of the country?

Mr. BACHELDER. They were.

Senator GALLINGER. I suppose that you, in common with a great many other gentlemen, believed that the denatured-alcohol propo-

sition would work to the great advantage of the farming communities, did you not?

Mr. BACHELDER. Absolutely.

Senator GALLINGER. I did; I remember I advocated it in the Senate. It did not work out well, I believe.

Mr. BACHELDER. The National Grange was unanimous.

Senator GALLINGER. It did not work out as was expected, but you honestly believed it would; that it would be of great public benefit?

Mr. BACHELDER. Certainly.

Senator SMOOT. Do you know why it is a success in foreign countries, and why it is not a success in this country?

Mr. BACHELDER. No; I do not.

Senator SMOOT. You have not gone into that question?

Mr. BACHELDER. No. I have an idea in a general way that it is because of the lower price of the product from which it is made.

Senator BAILEY. Governor, is it not true that practically the whole of the Finance Committee, without regard to party differences, were in favor of that bill?

Mr. BACHELDER. Yes.

Senator SMOOT. Do not confine it to the committee; the whole Senate.

Senator BAILEY. And also the Ways and Means Committee of the House. My recollection is that it passed the Senate with practical unanimity. I want to say that many of us believed that the best effect of it was that if the products against which it might compete were to grow too high, then we would have protected ourselves against an undue elevation of those prices by resorting to the privileges of that bill. I think that the hearings plainly indicated that it was more important as against an undue increase of price than it was for its immediate result.

Senator SMOOT. It is also true that the Commissioner of Internal Revenue recommended the passage of the bill in the strongest terms?

Mr. BACHELDER. I understand he did; yes, sir.

Senator HEYBURN. Is it not true, Governor, that it is rather early to condemn it; that it has not as yet been developed to a sufficient extent to say whether it will be a failure or a success?

Mr. BACHELDER. I presume that is true.

Senator HEYBURN. Is it not true that, since the passage of the bill, the plants have not as yet had a fair trial as to whether or not they can make a success?

Mr. BACHELDER. I understand that is true.

Senator HEYBURN. Is it not also true that they have developed the manufacture of it to the extent that they are now in this country making it in a solid form which is more economical both as to production and to use?

Mr. BACHELDER. Yes, sir.

Senator HEYBURN. And that they are now developing, or have developed, the possibility of making it from sawdust and many other substances?

Mr. BACHELDER. Yes, sir.

Senator BAILEY. Do you know of anybody who advocates the repeal of that measure?

Mr. BACHELDER. No; I do not.

Senator WILLIAMS. How did we become involved in the merits of denatured alcohol?

Senator McCUMBER. I would like to ask you a question on the merits of the question at issue. Are there any other agricultural societies in the United States than these grange societies?

Mr. BACHELDER. Yes, sir.

Senator McCUMBER. Is that true in Indiana?

Mr. BACHELDER. I think it is true there—I think so.

Senator McCUMBER. What important agricultural societies are there in the United States other than the grange?

Mr. BACHELDER. There is the Farmers' Union, which is quite an important society, more particularly in the South, and there is the Society of Equity, which I do not know much about. I think that exists in some sections of the West.

Senator McCUMBER. There are two societies of equity—one, the American Society of Equity, and the other the Farmers' Society of Equity. Is it not true that the American Society of Equity have headquarters at Indianapolis?

Senator KERN. Two of them.

Senator McCUMBER. Yes; both societies; that while it may be there are a less number who are members of the grange, other agricultural societies have a greater number?

Mr. BACHELDER. I presume that is true.

Senator McCUMBER. In my State, I think, there are eight or ten thousand members of the American Society of Equity. There is still another society in Michigan, is there not, that takes the place of the grange society?

Mr. BACHELDER. Very true.

Senator STONE. They are not under your jurisdiction?

Senator McCUMBER. The reason I asked this, Senator Stone, is that while the grange societies may have diminished in numbers, the cause in many of the States is that the same parties have joined some other agricultural society.

Senator STONE. I have nothing to say about those societies. They are not involved in my questions.

Senator HEYBURN. Do you know, Governor, whether or not the Society of Equity has indorsed or opposed the Canadian reciprocity agreement?

Mr. BACHELDER. I do not know whether it has or not.

Senator HEYBURN. I have been getting many circulars and letters from a society of that name, opposing Canadian reciprocity.

Senator McCUMBER. I can answer the Senator, that in every State in which it is organized it has opposed it.

Senator WILLIAMS. One of its representatives was here and made a long speech before the committee.

Senator GALLINGER. And we did not question their right to do it, either.

Senator McCUMBER. Another question. You declined to answer some questions as to what fees you had paid for services. Did you consider the question of what fees you may have paid for services not to have any bearing on this subject?

Mr. BACHELDER. That is the reason I did not answer them.

Senator McCUMBER. You did not desire to go into private affairs that had no connection with this?

Mr. BACHELDER. That is just it.

Senator STONE. The question I asked was whether he had paid anything, even a penny, and he declined to answer.

Senator McCUMBER. Would you have answered if your answer would have elucidated this question in any manner?

Senator KERN. That would be a matter of opinion.

Senator McCUMBER. It is a matter of opinion for him to exercise.

Mr. BACHELDER. I stated plainly and emphatically that Messrs. Graham & Allen were in our employ and were detailed for work on this account.

Senator HEYBURN. In the statement that has been called for by the Senator from Missouri, and which you have promised to furnish, I understand you are to include both the paid-up members and those who are still members in the grange without having paid up?

Mr. BACHELDER. I can give the statement in regard to the latter by States. I can give a statement in regard to the paid-up members by States, but it would require a great deal of investigation to get the figures on the other matter. We have about 1,500,000 people who have joined the grange.

Senator HEYBURN. In what time?

Mr. BACHELDER. In the last 42 years.

Senator BAILEY. When you had 1,500,000 members there was not anybody in the House or Senate that had much to say against the grange?

Mr. BACHELDER. That was before I was very active in the grange. We have had about 1,500,000 members. How many of them are carried on the rolls of the subordinate granges I can not state, and I do not know of any way I can find out.

Senator SMOOT. Your estimate is a million?

Mr. BACHELDER. Our membership is a million.

Senator HEYBURN. Do you mean that in your judgment you have a million paid up?

Mr. BACHELDER. I do not.

Senator WILLIAMS. Since they have been organized?

Mr. BACHELDER. We do not have a million that pay up in any particular year. I have agreed to furnish the committee with the paid-up membership for the past year.

Senator GALLINGER. I submit that it is not going to illumine this subject in any way to interrogate the governor as to the membership of the grange. It is a bona fide organization, it has members, and the governor represents them in protest against this bill, as he has a right to do.

Senator STONE. That is true.

(Mr. Bachelder subsequently submitted the following information:)

NATIONAL GRANGE, PATRONS OF HUSBANDRY,  
Concord, N. H., June 5, 1911.

HON. BOIES PENROSE,  
Chairman Finance Committee,  
United States Senate, Washington, D. C.

DEAR SIR: The aggregate number of paid-up members of the grange paying dues for the year ending June 30, 1910, is 425,033. It is impossible at the present time to give a detailed record of membership by States.

Yours, truly,

N. J. BACHELDER,  
Master National Grange.

The CHAIRMAN. Messrs. Allen and Graham are present.

Senator STONE. I would like to interrogate Mr. Graham if he is present.

**STATEMENT OF MR. WHIDDEN GRAHAM, OF ALLEN & GRAHAM,  
11 WILLIAM STREET, NEW YORK CITY.**

Mr. GRAHAM. I wish at the outset to disclaim any discourtesy toward the committee in failing to appear here before. As a matter of fact, we told Mr. Hull we would come here at any time, and as soon as we were notified we appeared. Through some confusion or misunderstanding, we were not notified. As soon as we were notified we came. We are here and will answer any questions.

The CHAIRMAN. The committee understands, Mr. Graham, that there was a misunderstanding on that point.

Senator STONE. What is your name?

Mr. GRAHAM. Whidden Graham.

Senator STONE. A member of the firm of Allen & Graham?

Mr. GRAHAM. I am.

Senator STONE. Where are your offices?

Mr. GRAHAM. 11 William Street, New York City.

Senator STONE. Where is William Street; what part of New York?

Mr. GRAHAM. It is quite close to the New York Stock Exchange, which has petitioned for reciprocity.

Senator STONE. How near is it to Wall Street?

Mr. GRAHAM. I should say about 100 feet.

Senator STONE. How long have you been there?

Mr. GRAHAM. I have been in business there for 11 years. I was employed 2 years before that on the same street by the New York Reform Club, as a writer on tariff-reform subjects. I have been for 20 years a writer on economic and financial questions. I was employed by the National Democratic Committee in 1892 to write democratic literature; I was employed by the sound-currency committee, of the New York Reform Club for 2 years as a writer on sound currency. I only bring that in as a personal explanation that I am an experienced writer on economics, currency, and the tariff. I was employed for 2 years by the New York Tax Reform Association as a writer on local and personal taxation. I have been devoted to that work for 20 years. The first article I ever had published was on the advantages of commercial union between Canada and the United States. That was 21 years ago. [Laughter.]

Senator STONE. You are a single taxer?

Mr. GRAHAM. I am.

Senator STONE. And free trader?

Mr. GRAHAM. I am. I was proud to be able to aid in nominating the son of the great single taxer for Representative in Congress. I helped in having him nominated.

While I am a free trader, under present conditions I believe that so long as we have a tariff it should be revenue tariff. I do not believe in the theory of free raw materials.

Senator STONE. Among other things, are you a lawyer?

Mr. GRAHAM. I am not, have never pretended to be, and have never held myself out to be. We were employed as writers on legislative matters. It was simply a misunderstanding on the part of Mr. Hull, who thought we were employed on legal matters, as counsel, in the preparation of papers.

Senator STONE. What do you mean, exactly, when you say you are employed on legislative matters; to do what?

**Mr. GRAHAM.** The preparation of arguments why legislation should be passed or defeated, as in the case of the ship-subsidy bill, the oleo-margarine laws, and the direct election of Senators. These farmers—and I say it with all deference—are not skilled in the preparation of papers of this kind. Those farmers who came down here and assisted me, they know the facts, but they are a little afraid sometimes to attempt to put them in their proper form. As a matter of fact, with regard to competition with Canada in butter, cheese, or any other farm product, these farmers knew a great deal more than I did. These men came here before this committee and they told their story. If anybody got the idea that theirs were “accelerated” speeches, then they have another guess coming.

**Senator STONE.** Let us try to confine the answers to the questions.

**Mr. GRAHAM.** Very well; perhaps that would be better for your side.

**Senator STONE.** Is Mr. Allen a lawyer?

**Mr. GRAHAM.** He is not, has never pretended to be, and has never held himself out to be.

**Senator STONE.** In addition to writing articles to promote or develop legislation, you often give publicity to the propaganda?

**Mr. GRAHAM.** We do not, except very incidentally. As a matter of fact in certain cases the only publicity was through the letters and petitions sent out, because the newspapers have been inspired by the Associated Press or the Newspaper Publishers' Association, and I will furnish proof of that, not to give any space to the side of antireciprocity, and to pull for reciprocity strong. That proof will be filed with the committee. We prepare arguments and briefs.

**Senator STONE.** Let me understand you. You prepared some papers and sent them to newspapers, and they would not print them?

**Mr. GRAHAM.** They would not. They knew on which side their bread was buttered.

**Senator STONE.** You were endeavoring to give publicity to the thing you were advocating?

**Mr. GRAHAM.** Yes; in that sense.

**Senator STONE.** And the only way you could do it was through the mail?

**Mr. GRAHAM.** Through the mail; yes. Let me explain right there. Senator. We sent out 8,000 copies of the President's message urging the enactment of this reciprocity agreement. Except by reading the text of that bill, there was no way the farmers could know what the bill meant. The farmers would think, “we are going to have all our manufactures coming in free from Canada—”

**Senator STONE.** When you say “we sent out,” whom do you mean?

**Mr. GRAHAM.** Allen & Graham did not send out one single letter. We wrote nothing and printed nothing. All we did was as employees of the National Grange.

**Senator STONE.** When you say “we,” you speak of yourselves and the National Grange as the same thing?

**Mr. GRAHAM.** Not at all; we speak of ourselves as employees. You might just as well have invited Gov. Bachelder's stenographer or the printer who printed the letters or the man who took them to the post office to mail.

**Senator STONE.** I will ask you if in your clientele you have had the Standard Oil Co.?



Mr. GRAHAM. We have not.

Senator STONE. Never?

Mr. GRAHAM. Never, in any capacity. In this connection my partner was formerly engaged years ago in the business of customs-drawback broker, which means the collection of drawbacks. He was formerly engaged in the customs-drawback business, collecting drawbacks on tin plates imported, and represented the Standard Oil Co. in the collection of drawbacks.

Senator STONE. Your partner represented them?

Mr. GRAHAM. Yes, sir.

Senator STONE. Do you represent the American Cotton Oil Co.?

Mr. GRAHAM. I do not. My partner did long ago.

Senator GALLINGER. In the matter of drawbacks?

Mr. GRAHAM. In the matter of drawbacks; not in connection with any legislation or any legislative or publicity matters.

Senator HEYBURN. As their sole representative?

Mr. GRAHAM. In that matter? No; there were other brokers attending to those things.

Senator STONE. Did you or your firm ever give any legal advice?

Mr. GRAHAM. Never.

Senator STONE. Did you give any kind of advice?

Mr. GRAHAM. Yes; I have given advice to all sorts of people. People come to me with their troubles all the time, and I advise them.

Senator STONE. Did you give Mr. Bachelder or Mr. Jones any advice?

Mr. GRAHAM. We did. I advised them on the ship-subsidy matter, because it was a matter that I happened to be familiar with on account of my work for the New York Reform Club. The work we did was the drafting of a paper. The National Grange worked against the ship subsidy, and we simply drafted that paper. In connection with the parcels-post matter, we prepared a memorandum setting forth the advantages of the parcels post, and sent to Mr. Bachelder and Mr. Jones and Mr. Atkeson a carbon copy, which was revised and sent out to the local granges.

Senator STONE. Did you come to Washington on business connected with the parcels post?

Mr. GRAHAM. I did not.

Senator STONE. Or Mr. Allen?

Mr. GRAHAM. Mr. Allen did not.

Senator STONE. Did either of you come to Washington on any matter connected with the oleomargarine bill?

Mr. GRAHAM. No. I was in Washington at the national convention one year. The Senator from Missouri seems to understand that we were traveling around the country attending these National Grange conventions. We did not. The only work we did there was in the preparation of the resolution indorsing direct election of Senators, the parcels post, the oleomargarine bill, and things of that kind.

Senator STONE. Did you come to Washington or did Mr. Allen come to Washington about the good-roads legislation?

Mr. GRAHAM. We never came to Washington to see any officers of the Government or the departments. We came down to Washington at the time of the annual convention to meet them and see if they

would adopt that resolution. Gov. Bachelder was invited to a conference in New York of carriage builders, bicycle organizations, and letter carriers, and others to arrange for getting further assistance for public roads. They asked us to assist them in the preparation of the resolution.

Senator STONE. You say you came down to a convention? What convention was that?

Mr. GRAHAM. The National Grange.

Senator STONE. At Washington?

Mr. GRAHAM. At Washington.

Senator STONE. And they are people you referred to in this answer you have just made?

Mr. GRAHAM. They are the what people?

Senator STONE. You stated you had conversed with certain people, and you stated what was said.

Mr. GRAHAM. It was the executive committee.

Senator STONE. Of the grange?

Mr. GRAHAM. Of the grange.

Senator STONE. Were you paid anything for the good-roads service you rendered?

Mr. GRAHAM. By whom?

Senator STONE. Anybody.

Mr. GRAHAM. Yes. I was asked to come to Washington, and I did come.

Senator STONE. Did either of you come to Washington when that denatured-alcohol bill was pending?

Mr. GRAHAM. Mr. Allen came; I did not. In connection with the rebate on domestic alcohol, a different subject, the Senator from Mississippi was at that time a member of the Committee on Ways and Means, and I appeared before that committee. That was the only time that I went before the committee.

Senator STONE. Did you receive any compensation for your services in connection with the denatured alcohol legislation?

Mr. GRAHAM. We certainly did. Let me explain there what Gov. Bachelder did not. We received that compensation from a committee of manufacturers of all kinds using alcohol. There was a committee formed and they employed us, and paid us to write these articles, just as the Democratic national committee paid me to write articles on tariff and currency questions.

Senator STONE. Did the grange pay you anything for it?

Mr. GRAHAM. Absolutely not a cent.

Senator STONE. You were carrying the work on in the name of the grange?

Mr. GRAHAM. We were not. We were carrying it on in the name of the committee of manufacturers. The grange was merely giving assistance.

Senator STONE. That is your statement?

Mr. GRAHAM. That is a fact; I think I know who the Senator's informant is. I think it is a former employee. That information sounds suspiciously like him.

Senator STONE. If he has any information I would be glad to get it.

Mr. GRAHAM. You can get it. He would be glad to testify on that. [Laughter.] Gentlemen, I apologize to you, and to the Senator also. I did not intend to bring in the question of a former employee.

Senator STONE. Did you receive any compensation for your services in the oleomargarine legislation?

Mr. GRAHAM. I did not. It was simply a matter of writing one letter. Mr. Bachelder said he was coming down to Washington to appear, and asked me if I would draft a letter for him to send out to the members of the grange. I did that.

Senator STONE. Did you receive compensation for your services in the good-roads campaign?

Mr. GRAHAM. We did.

Senator STONE. From whom?

Mr. GRAHAM. From manufacturers of automobiles and carriages and other people interested in good roads.

Senator STONE. You carried on that campaign in the name of the grange?

Mr. GRAHAM. We did not, entirely. It was carried on in the name of different organizations—various interests. They sent out literature.

Senator STONE. Gov. Bachelder was mistaken, then, in what he said about it?

Mr. GRAHAM. He did not say it was the National Grange entirely. I may explain that for the information of the Senator from Missouri. This question of the National Government assisting in the construction of the public roads has been the policy of the National Grange for 10 years. They were instrumental in having that commission appointed. They knew of our work in connection with the denatured-alcohol law, and they came to us and asked if we would help them in carrying this on. Just here I want to explain, in reply to the inquiry made of Gov. Bachelder, as to why the membership in some of the Western States has fallen off. It has been because the grange was rent in pieces over the free-silver question. When the grange goes into politics it always goes to pieces. The question had no direct bearing upon the question of how the American people are going to be benefited by this legislation.

Senator STONE. Have you brought with you lists of all the papers which you prepared or your firm prepared?

Mr. GRAHAM. I have. They are exactly the same papers as those produced here by Gov. Bachelder.

Senator STONE. Will you please hand to the stenographer the papers that you prepared? You say you did not circulate any?

Mr. GRAHAM. We did not circulate one.

Senator STONE. Hand him those you prepared.

Mr. GRAHAM. They are exact duplicates of those of Gov. Bachelder.

Senator STONE. Did you prepare those which Gov. Bachelder handed in?

Mr. GRAHAM. We assisted in their preparation. One is a report of an interview with Representative Campbell. The second is a

statement by Aaron Jones before the Committee on Ways and Means—

Senator STONE. Did you prepare the statement that Aaron Jones made to the committee?

Mr. GRAHAM. Mr. Jones and I were at the Manhattan Hotel, along with Mr. Atkeson, Gov. Bachelder, Mr. Godfrey, of New York, Mr. Reane, of Missouri, and Mr. Messick, of Delaware. We talked over this matter and drafted a resolution to be adopted by the grange. We drafted the resolutions and took them upstairs. They said, "That will not do; that is not right; you ought to make it stronger. Put it right up to them good and strong." They talked it over that way and we gradually evolved these resolutions.

Senator STONE. Then you either drafted or aided in the preparation of the papers?

Mr. GRAHAM. Practically all these.

Senator STONE. You prepared most of them did you not?

Mr. GRAHAM. I should say that we personally assisted in preparing most of them. For instance, there is one, an interview with Representative Campbell, from the Evening Star, of Washington. A great many are simply reprints.

Senator KERN. Did you prepare that interview with Representative Campbell?

Mr. GRAHAM. I have never seen the gentleman. I believe he comes from Kansas, and therefore is opposed to reciprocity. No; I never saw the interview until it was published.

Senator KERN. How does that get into the list of papers, then?

Mr. GRAHAM. We reprinted it; it is a part of the literature sent out.

Senator STONE. Did you prepare or aid in the preparation of any letters to be sent out, other than what are embodied in this list here?

Mr. GRAHAM. Absolutely not. Copies of all are there.

Senator STONE. Every letter that you had anything to do with the preparation of is in that list?

Mr. GRAHAM. No; there were letters sent to Mr. Jones or Gov. Bachelder in reply to letters to or from them asking for literature. We would say, "Your letter has been received; we have attended to this matter." Understand me clearly, Senator. Aside from that we have not written a line, have not sent out a line, have not sent out a single letter. I have written no Senator or Representative. The only exception was a letter to Representative George, who wrote asking my opinion as to whether it was wise for the Democrats to pass reciprocity before the farmers' free-list bill. I told him that I believed that no organization could prosper that would enact a law to do an injustice for political advantage.

Senator STONE. At the time when you gave that advice you were then retained by Mr. Bachelder and Mr. Jones on fee?

Mr. GRAHAM. I do not remember the time.

Senator STONE. And you advised Mr. George in accordance with your employment? At the time when you gave that advice you were under this employment and you had been retained by Mr. Bachelder and Mr. Jones on a fee, or a promised fee?

Mr. GRAHAM. I do not remember exactly the time.

Senator STONE. And you were advising Mr. George in accordance with your employment?

Mr. GRAHAM. That is an intimation from the honorable Senator that my opinions are for sale. I deny that. I have never written a line against free trade. I have never written a line in favor of any policy that I do not believe in, and I left the Democratic Party in 1896 because I did not believe in the glorious doctrine of 16 to 1, which many gentlemen were shouting for. As a matter of fact, gentlemen, and to save your time, this is all a mare's nest instigated by the New York Herald, and we are brought down here to furnish some news items on which garbled reports are sent out to the papers, misrepresenting the position of the grange.

Senator WILLIAMS. Mr. George wrote you as a friend, did he not?

Mr. GRAHAM. Yes, sir.

Senator WILLIAMS. He asked you for your opinion as a friend?

Mr. GRAHAM. As a friend.

Senator WILLIAMS. And you gave it, or purported to give it?

Mr. GRAHAM. I gave him my sincere belief.

Senator WILLIAMS. You gave it as a friend. At the time you gave it you were in receipt, or in promise of a fee?

Mr. GRAHAM. Yes, sir.

Senator WILLIAMS. Upon the lines along which you gave the advice?

Mr. GRAHAM. Yes, sir.

Senator WILLIAMS. That is what I wanted to know.

Senator KERN. And now you come before this committee and disclose the private correspondence of Henry George?

Mr. GRAHAM. It is not the private correspondence of Henry George. It is my correspondence with him; and I should think the honorable Senator, as an attorney, should be able to distinguish between those things—between the correspondence he wrote me and the correspondence I wrote him. I mentioned that because I wanted to be exact. I am not a lobbyist. I wrote to him as a friend.

Senator KERN. You wrote to him as a friend?

Mr. GRAHAM. He wrote me as a friend and I wrote him as a friend, and in stating what I wrote him back I am not disclosing private correspondence, which would be dishonorable.

Senator WILLIAMS. You say you are not a lobbyist?

Mr. GRAHAM. I am not.

Senator WILLIAMS. And yet you received fees to promote the enactment or the defeat of legislation?

Mr. GRAHAM. To write articles about them. Is the newspaper man a lobbyist who is paid a salary of \$40 or \$50 a week to write editorials?

Senator WILLIAMS. I do not want to go into that dissertation with you. I am simply asking you a question.

Mr. GRAHAM. And I answer, I am not.

Senator WILLIAMS. But you did receive fees?

Mr. GRAHAM. Yes, sir.

Senator WILLIAMS. Upon an agreement to promote the enactment of or to promote the defeat of legislation?

Mr. GRAHAM. We do not.

Senator WILLIAMS. And you are not attorneys?

Mr. GRAHAM. No. We do not receive fees for that purpose. I am paid for writing articles. I was not a lobbyist when I wrote for the national Democratic committee, and was paid a salary to do it.

Senator WILLIAMS. But you did receive fees?

Mr. GRAHAM. Payment for writing articles.

Senator WILLIAMS. For writing articles, preparing briefs, and preparing material for the purpose of securing the enactment, or securing the defeat of legislation, and you did not receive those fees as a legal adviser, because you are not a lawyer.

Mr. GRAHAM. I am not a lawyer, and I have never pretended to be. The editor of a newspaper who is paid \$50 a week to write editorials in a paper on which he is employed may influence legislation, but he is not a lobbyist for that reason.

Senator GALLINGER. It was suggested by a member of the committee that when you wrote to Mr. George you were promised compensation for your opposition to this so-called reciprocity agreement. Did your opposition to the agreement commence at the time you were promised compensation, or had you views before that time on the subject?

Mr. GRAHAM. Absolutely before the thing was issued, before anything was made public as to the details, I opposed it because I knew something of the inside history of the scheme that was worked out by it. A certain gentleman is paid a large salary to get through Congress the bill putting paper on the free list, and I knew what was behind this Canadian reciprocity. I am a Canadian, Mr. Chairman. My brother is in the lumber business in Canada, and I have friends and relatives in business there, and if I thought the reciprocity agreement would be beneficial I would favor it.

Senator STONE. We do not care about that.

Senator CLARK. You stated in answer to the Senator from Missouri that you received a fee for advocating or opposing legislation by the articles which you wrote.

Mr. GRAHAM. Yes, sir.

Senator CLARK. Is that fee contingent upon the success or the failure of the legislation?

Mr. GRAHAM. No, sir; not at all—not in any sense of the word.

Senator STONE. When is it to be paid?

Mr. GRAHAM. When the work is wound up. We can not tell how long it will last. We thought it would only last a month, that everything was greased, and it was going to be slipped through the House and Senate and everything was to be all right, but there were a few farmers who woke up to the situation.

Senator STONE. And you waked them up?

Mr. GRAHAM. I did, and I also wake some other people once in a while.

Senator STONE. That is what you are paid to do?

Mr. GRAHAM. Exactly, and I did it well.

Senator STONE. How were you paid by the manufacturers of automobiles?

Mr. GRAHAM. They contributed to a general fund, as do the carriage builders, manufacturers of road-making material, and all sorts of people interested in good roads—automobilists and individuals.

Senator STONE. How much did they contribute?

Mr. GRAHAM. I do not care to go into the private details of this matter, and unless the chairman insists I shall not do so. I do not think it has any bearing on reciprocity.

Senator STONE. Did they contribute to the expenses, such as postage, printing, etc., as well as to pay your fee?

Mr. GRAHAM. They did.

Senator STONE. Did you handle the funds?

Mr. GRAHAM. I appeal to you, Mr. Chairman, whether or not I have to go into the details of these matters with which I have been connected—the financial details.

Senator STONE. I have not asked you for the financial details. I asked you whether you handled the funds.

Mr. GRAHAM. Whether we handle the funds? I do not. They are handled by the treasurer in Detroit.

Senator STONE. Do you have any control over that fund or any part of it.

Mr. GRAHAM. Not at all. It was paid to us.

Senator STONE. Was any part of it paid out on your order?

Mr. GRAHAM. No; it was paid to us. There was a central good roads committee composed of several gentlemen of Detroit—the Packard and other manufacturers and manufacturers of accessories—and the money was put in by various people who thought they were interested, and they paid—

Senator STONE. So you represent the packers?

Mr. GRAHAM. The Packard Manufacturing Co.; not packers.

Senator STONE. While we are talking about the people you represent I will ask you if you ever represented the Distillers' Security Co.?

Mr. GRAHAM. We do not, Senator Stone, never. Contributions were made to the committee of manufacturers by the distillers. They contributed a large amount to get the denatured-alcohol law passed, and they stated that they have contributed because of the increase in their business. They contributed in their proportion; also the hat manufacturers of Danbury and the furniture manufacturers of Grand Rapids. They wanted this legislation.

Senator STONE. Then the Distillers' Security Co., or those who belonged to it, did contribute?

Mr. GRAHAM. They contributed to the fund of this committee of manufacturers; they did that.

Senator STONE. How do you know it?

Mr. GRAHAM. Because the committee of manufacturers kept a record of all that was paid.

Senator STONE. Did you see it?

Mr. GRAHAM. I did not see the money, but I presume they did. I did not see the checks. The Senator has asked me the question whether we were employed by the Distillers' Security Co. We were not. The Distillers' Security Co. contributed to the fund that was raised for the purpose of paying the legitimate expenses of printing and postage and other expenses.

Senator STONE. I am asking how you know that the Distillers' Security Co., known as the Whisky Trust, contributed. How do you know it?

Mr. GRAHAM. From the committee of manufacturers. Mr. Allen was the secretary of that committee—

Senator STONE. You mean your partner?

Mr. GRAHAM. Mr. Allen was secretary of the committee of manufacturers which had entire charge of the work of securing the passage of the denatured-alcohol law.

Senator STONE. Was Mr. Allen a manufacturer?

Mr. GRAHAM. He was not. He was secretary of the committee of manufacturers.

Senator STONE. And representing them in that legislation?

Mr. GRAHAM. In the same way that he is employed by the grange now.

Senator STONE. Did you ever represent the International Harvester Co. in any way?

Mr. GRAHAM. Never, except that Mr. Allen's former firm, which was engaged in the collection of drawbacks collected—

Senator STONE. For the International Harvester Co.?

Mr. GRAHAM. To collect drawbacks. This was 10 or 12 years ago, and I do not see why I should have to go into ancient history about customhouse brokers' fees, and anything of that kind. However, if the committee thinks it is material, I am perfectly willing to waste your time in answering these questions.

Senator STONE. You represented a good many large enterprises on drawbacks, and in other ways, did you not?

Mr. GRAHAM. My partner's firm did formerly. He is not in that business now and has not been for 10 years.

Senator STONE. Large medicine houses like Lydia Pinkham Co.?

Mr. GRAHAM. We never did.

Senator GALLINGER. Suppose they did?

Senator STONE. Well, we will find out. Do you object to stating the fee that you received for the denatured-alcohol matter?

Mr. GRAHAM. I decidedly do. I am not brought here to tell my private business for the last 10 years. I do not see what bearing it has on the question of reciprocity.

Senator STONE. If you object I shall not press the question.

Mr. GRAHAM. I do object most decidedly.

Senator STONE. A pretty large fee, was it not?

Mr. GRAHAM. Yes; but I am not inquiring about other large fees that have been paid to other gentlemen. We might have Mr. Herman Ridder or Mr. John Norris, who is conducting a publicity bureau in favor of reciprocity, and ask them where the money came from, and where Mr. Ridder got the money he paid the Democratic national committee in 1908. Mr. Norris might come here and tell you about his publicity bureau, in which he has sent out a statement urging the newspapers of the country to write those unsolicited editorials, all saying what a noble bill, and true bill, and grand bill it was—for free paper.

Senator WILLIAMS. You have told us that you were in the business of promoting legislation.

Mr. GRAHAM. I have not. I have denied it. I said I was not.

Senator WILLIAMS. You stated that you were in the business of preparing briefs and letters and literature for the promotion of legislation.

Mr. GRAHAM. I take exception to that statement of the case. I am like any other writer. I am employed to write articles on taxation, or currency, or banking, or anything of that kind. I am employed and paid to do it.



Senator WILLIAMS. You have confessed, have you not—

Mr. GRAHAM. I have not confessed to anything, because I am not here to confess.

Senator WILLIAMS. Then you have admitted, or you have stated, or have enunciated—you can use your own language—that you have received payment for preparing articles, letters, briefs, etc., to promote the success of or to defeat legislation.

Mr. GRAHAM. Yes.

Senator WILLIAMS. Now, then, I want to ask you another question. What is your other business, or have you any other business?

Mr. GRAHAM. I have no other business employment except as a writer. I am a writer on economic, financial, and commercial questions of any kind.

Senator CLARK. That is your professional business.

Mr. GRAHAM. That is my professional business. I am not a lawyer. I was an official in the State Department, editing the consular reports, and I resigned and went to the Reform Club, and was employed on their work for two years.

Senator STONE. Mr. Bachelder and Mr. Aaron Jones, the gentlemen who employed you, are protectionists, are they not?

Mr. GRAHAM. I believe they are.

Senator STONE. And they employed you as a free trader to carry on this campaign. Did anybody else employ you to carry on this anti-reciprocity campaign?

Mr. GRAHAM. Nobody else employed us.

Senator CLARK. I think you denied being a lobbyist?

Mr. GRAHAM. I did. I think all you gentlemen will say that as a theoretical proposition that free trade is right, but so long as the country raises its revenue by a tariff, I think there should be a tariff on all products.

Senator STONE. Have you been in conference with representatives of other industries opposed to this reciprocity agreement?

Mr. GRAHAM. What does the Senator mean by representatives of other industries?

Senator STONE. I mean just what I say. You know whether you have been in conference with men who represent other interests?

Mr. GRAHAM. I have not.

Senator STONE. Have you had any correspondence with them?

Mr. GRAHAM. I have not. I met yesterday a gentleman for the first time at the hotel—I was introduced to him for the first time—who represents another industry; I never met him before. He was brought up and introduced to me by a friend.

Senator STONE. Do you know Mr. Hines, of Chicago?

Mr. GRAHAM. I do not; I never saw him; and I want here and now to brand as a falsehood the statement sent out and published in the New York Evening Post to the effect that Mr. Hines was behind the grange protest against reciprocity. I never saw Mr. Hines, and Gov. Bachelder does not know anything about him. No member of the grange ever saw Mr. Hines. This matter was decided by the grange about two weeks before Mr. Hines was brought here. It was done to cast odium on the grange, because Mr. Hines had got in the public eye in connection with some other entirely different matter. I do not know anything about him, and I had no correspondence with him.

Senator STONE. Nor your firm?

Mr. GRAHAM. Nor my firm.

Senator STONE. Nor your partner.

Mr. GRAHAM. As to my partner, he is right here and can answer for himself.

Mr. ALLEN. I have never had any correspondence with him.

Senator STONE. Have you had any conference or correspondence with representatives of news-paper manufacturers?

Mr. GRAHAM. I have had no correspondence with them.

Senator STONE. You have administered rather severely on the newspapers.

Mr. GRAHAM. Yes, sir.

Senator STONE. Now, I will ask you about the men who make paper. Have you had any conferences with them?

Mr. GRAHAM. I have not.

Senator STONE. Has your partner?

Mr. GRAHAM. My partner is present, and will testify about that.

Senator STONE. He can testify about that?

Mr. GRAHAM. Yes, sir.

Senator STONE. Do you know whether he has?

Mr. GRAHAM. My partner is here and can testify to anything in regard to what has been promised by any other outside interest, so-called. We are employed by the National Grange and paid at a rate that is satisfactory to ourselves, and if any outside interest chooses to appreciate our services by paying us we are entitled to such payment. I do not think it a matter for this honorable body to inquire into and I shall decline to answer any further questions on that line.

Senator STONE. Are you accepting payment from outside interests?

Mr. GRAHAM. I decline to answer that question, as to what I expect or what I might get.

Senator STONE. Have you or your friends any arrangement with other interests for pay or for compensation for these services against reciprocity?

Mr. GRAHAM. I decline to answer that question.

Senator STONE. You decline to answer?

Mr. GRAHAM. I do.

Senator STONE. Why?

Mr. GRAHAM. Because I do not think that is a matter pertinent to the investigation by this honorable committee. That is a matter, however, for your committee to decide.

Senator STONE. You are representing the grange?

Mr. GRAHAM. I am not representing the grange.

Senator STONE. I asked you a while ago if you were also representing some other interests, and you said no.

Mr. GRAHAM. We are not.

Senator STONE. If you are accepting compensation, you are representing them.

Mr. GRAHAM. We are employees of the grange. We are not representing them.

Senator STONE. Do you expect to receive compensation from other interests to fight this legislation, when you do not intend to render them any service?

Mr. GRAHAM. I decline to answer that.

Senator STONE. How many interests are you accepting pay from outside of the grange?

Mr. GRAHAM. I make the same answer.

Senator STONE. You decline to answer?

Mr. GRAHAM. I decline to answer.

Senator STONE. Are you acquainted with Mr. Chester W. Lyman?

Mr. GRAHAM. I am not; I do not know him; I never saw him.

Senator STONE. Do you know whether Mr. Allen has had any conference with him?

Mr. GRAHAM. That is a matter with regard to which I will give the same answer. I decline to answer. You are inquiring into our private business.

Senator STONE. He is secretary and assistant to the president of the International Paper Co., is he not?

Mr. GRAHAM. I do not know. I know that I do not remember ever having seen him, and I do not know him, and I have had no correspondence with him.

Senator STONE. Have you conferred or talked with your partner about any conference that he has had with Mr. Lyman?

Mr. GRAHAM. I appeal to you, Mr. Chairman, whether I have to answer these questions as to my private business?

The CHAIRMAN. As you are not under oath, you can use your own discretion as to any questions that are asked you.

Senator STONE. You decline to answer?

Senator BAILEY. In one view I am going to insist upon the answer. If it is intended merely to discredit Mr. Graham, I will leave him to take care of that, but if it is intended to discredit the National Grange, then I want these question answered. I do not understand, of course, that the grange is to be held responsible for the conduct of the gentlemen who might happen to be employed by them, but it is a very honorable body of men, and I do not think this record ought to be left in a condition which puts them in the attitude of having employed people who are not willing to state their other or different connections, and I am going to insist on these questions being answered if it is the purpose to show that the grange has been doing the wrong thing. Now, if that is not the purpose, I leave it entirely to the witness.

Senator McCUMBER. Let this go on the record also. The witness has declared that he is a writer; the witness has declared the equivalent of saying that to anyone who wants his writings along the idea on which he writes he is willing to give those writings for compensation. Now, if 1,000 people outside desire his writings and ask him to write letters along the same lines, and they are willing to pay for it, what bearing has that on this question and why should the witness be compelled or even requested to give a statement of his private matters as to what he may be receiving from someone else, when he has frankly stated that he will receive pay for the articles which he writes; but he will not write an article that he does not believe in for pay or for anything else?

Senator WILLIAMS. Would not his answer show a communion of interests, or what the communion of interests was?

Senator SMOOT. We know that already, because the interests that he has spoken for have been here and testified against the bill. I see

no reason why the witness would not say, if it were true, "I have received compensation for writing articles for any interest."

Senator WILLIAMS. I do not either.

Mr. GRAHAM. If it were true, I would say so. We have not received one dollar of compensation from—

Senator BAILEY. If the purpose is to establish a community of interests between the grange and these other people I think this testimony is competent, and I think the questions ought to be answered. I can not imagine that there is any purpose to discredit the firm of Allen & Graham, and if there is any purpose in this course of questioning, it must be to discredit the grange whose representatives these gentlemen are alleged to be, and if the grange has been engaged in discreditable connections with these special interests I think the country is entitled to know it. Of course I do not believe it and I believe that the answer to this question will develop that the granges have prosecuted their opposition to this measure in a legitimate and open and fair manner. I do not belong to the grange and I am not accustomed much to appeal to any special class, but I do not think that a committee of American Senators ought to bring people here to discredit a large number of our best American citizens because of something done by some gentlemen who happen to be in their employ, and now that the question has been submitted to the witness I think it will put the grange in a worse condition, if that is the purpose of it, for him to say that he has been doing something that he does not choose to tell.

Senator McCUMBER. That is not the question. The question is, How much is your compensation to be—what is the fee between you and this other company that seeks to pay you for that article? The witness may not desire to go into that matter, and I think he has a right to refuse to do it.

Senator BAILEY. I grant you that, if it is merely intended to discredit the witness, but if it is intended to discredit the grange, then I think the grange is entitled to have the questions answered.

Senator JOHNSON. I do not take that view of it—that it is intended to discredit the grange or to discredit the witness. But here is an agent employed by the grange who testified that he has assisted in preparing literature for circulation and briefs. He is also employed by other parties interested in this legislation. I think we have the right to know, and it has probative force—his employment by others. It seems to me so, at least.

Senator BAILEY. I have just insisted that he should answer, even if it is an effort to prove that the grange is in bad association.

Mr. GRAHAM. One minute. I will answer if it is anything of that kind. I thought it was simply a personal question about myself. I will answer it in so far as this question will affect the grange and will save further discussion by answering every question, but I do object to answering any question about my own private business.

Senator STONE. Wait a minute.

Senator McCUMBER. I insist that he has a right to explain himself.

Senator GALLINGER. I want to make an observation. The Senator from Texas says he is not a member of the grange. I happen to be a member of the grange in good standing, and I do object, both as an individual and a member of this committee, to the course of ques-

tioning that has been pursued. If it is not intended to discredit the firm of Allen & Graham, it looks mighty like it; and if it is not intended to discredit the grange, it looks like it. As I understand the matter these gentlemen were brought here to testify as to their relation with the literature that was sent out under the auspices of the National Grange in opposition to this bill, and to wander all over creation and drag in what these men may have done in their business operations 10 or 12 years ago, or 1 year ago, it looks to me as though it were absolutely foreign to this inquiry, and we will never end it. If that is gone into, I have a list of a half dozen witnesses that I want to bring here with their literature, and also their letters, and we will see exactly what they have got to say; what object they have. But we will never end this inquiry if that is done. Mr. Bachelder is an honorable gentleman. He came here and gave truthful testimony, as I honestly believe; and to undertake to discredit him, as some of these questions are intended to do, ought not to be allowed.

Senator STONE. I wish to say, Mr. Chairman, that so far as the grange as a body is concerned, and its organization and its membership are concerned, I think they are entitled to respect and commendation. So far as certain officials of the grange are concerned, and their dealings with the public for personal ends of their own, that is another question.

Senator WILLIAMS. And the manifestation of it.

Senator STONE. And the management of it, and manipulating the grange for certain political purposes, I say that is another question.

Senator McCUMBER. That does not appear by this record.

Senator STONE. We will see what the record shows when we come to discuss it.

Senator SMOOT. Has the Senator any information that would lead him or the committee to believe that the members of the grange are not in accord with the officers of the grange?

Senator STONE. I am not here to get into a discussion with the Senator from Utah or any other Senator. At the proper time and place we will discuss this record.

Senator GALLINGER. There is one further observation that I want to make. I am not a lawyer, but just a plain country doctor, but I have views nevertheless, even on legal questions. It seems to me that if a lawyer is engaged to defend an interest it is nobody's business what other interest he is engaged to defend.

Senator WILLIAMS. The confidence of attorney and client is always preserved. But this is not a case of that sort.

Senator GALLINGER. You are attempting to go into a man's private business. I think that is rather sacred.

Senator STONE. We have passed measures, Senator Gallinger, that went into a man's private business, and you voted for them.

Senator GALLINGER. Possibly I did, in a general way.

Senator BAILEY. Only as to unlawful business.

Senator GALLINGER. Unlawful; that is right.

Senator STONE. To investigate them to see whether they were unlawful.

Senator GALLINGER. I think if the National Grange consulted these gentlemen, it was not the province of the National Grange to ask them whether they were engaged by the Standard Oil Co. years ago to try to recover drawbacks under the law of the United States, or whether they were engaged by the American Cotton Oil Co. to recover drawbacks. I do not think that has any relevancy to the question at issue.

Senator STONE. I think we should proceed with the testimony.

Mr. GRAHAM. I am awaiting the pleasure of the committee.

The CHAIRMAN. Mr. Graham, you need not answer any questions about your private business unless you desire to do so. You can use your own judgment. The committee have entered on the subject, and might as well conclude it as briefly as possible.

Mr. GRAHAM. As I understood the very kind words of the Senator from Texas, who has expressed the view that there has been nothing improper in the action of the grange, I want to say here that the action of the National Grange has been backed up and indorsed by every individual member in the remotest corner of Maine, Oregon, or Washington, and that if any reflection is to be cast on the National Grange because we may have been promised compensation from other interests which were working to the same end I say that is something of which the grange knew nothing, could know nothing, and which had not the slightest effect on their action. They took action before they communicated with us, sent out word to the granges, and members started to send in petitions and letters and protests before they had any communication with us; and it can not have, directly or indirectly, any relation to the matter which your committee is considering, which, as I understand it, is this: Is the sentiment of the farmers of North Dakota, Minnesota, Michigan, and Pennsylvania genuine, or is it instigated or accelerated?

Senator STONE. Is that your answer?

Mr. GRAHAM. My answer is, whatever relations we may have had, the grange knew nothing about it at all. We have no arrangements about anything, but we do expect or hope that any manufacturer who is interested in this matter and appreciates the work that we have been able to do will pay us for our work. If they do, I shall be very glad to take it, and I have a right to take it.

Senator STONE. It may stand at that, so far as I am concerned, when you are through.

Mr. GRAHAM. I am through, just for the present.

Senator STONE. Have you or Mr. Allen taken any part in opposition to this reciprocity agreement over in the Dominion of Canada?

Mr. GRAHAM. We have not. I wrote home to my sister, who lives in Canada—that is the only thing I did—and said I hoped it would not go through, because it was a bunco scheme, intended to advance certain American political interests.

Senator STONE. Is that the full extent of your effort to defeat it in Canada?

Mr. GRAHAM. Absolutely.

Senator STONE. Do you know whether Mr. Allen has done anything in Canada against the bill?

Mr. GRAHAM. I do not know. Mr. Allen may have written some friend. I know he has done nothing with the reciprocity agreement,

directly or indirectly, in Canada. He has not represented or has not been employed; at least, I know nothing about it.

Senator STONE. I think that is all I care to ask this witness. I was through when this storm burst. [Laughter.]

The CHAIRMAN. When we get through with Mr. Allen the committee will adjourn. Senator Stone, how much time will it require for the other witness, Mr. Allen?

Senator STONE. An hour.

The CHAIRMAN. I think the committee had better take a recess until 3 o'clock this afternoon.

(Thereupon, at 1 o'clock p. m., the committee took a recess until 3 o'clock.)

#### AFTER RECESS.

Senator SMOOT. Mr. Chairman, I would like to have Mr. Graham recalled for the purpose of having him answer a question, if he may be permitted to do so.

The CHAIRMAN. Very well.

Senator SMOOT. Mr. Graham, as I remember, you stated that you had information of a letter, either sent out by the Associated Press or the American Publishers' Association, to the publishers of this country. Did I understand you to say that?

Mr. GRAHAM. I did; requesting that they "go easy" on this question of the Canadian reciprocity and "play up the bill" as much as possible and say little against it. My informant stated that it was by the Associated Press, but I have reason to believe it was by the American Newspaper Publishers' Association. In either event, I will secure the letter and file it with the committee.

Senator SMOOT. I would like to have you send it to the chairman of this committee.

Mr. GRAHAM. I will send it to the chairman of the committee.

Senator SMOOT. I would like also to have it understood that it will be put in the record.

The CHAIRMAN. The letter will be put into the record.

We have with us Mr. Allen, whom, I am informed, has lately been sick; so, Mr. Allen, if you will kindly sit down, if you desire, it will be acceptable to the committee.

#### STATEMENT OF JOSEPH H. ALLEN, OF ALLEN & GRAHAM, 11 WILLIAM STREET, NEW YORK.

Senator STONE. Did you say you were sick?

Mr. ALLEN. I had typhoid fever, a very severe attack, and I only learned to walk over again last October. I would prefer to sit down.

My name is Joseph H. Allen, of No. 11 William Street, New York.

Senator STONE. When did you begin to be connected with this campaign against the reciprocity agreement with Canada?

Mr. ALLEN. Why, we commenced the campaign immediately after our conference at the Manhattan Hotel with the legislative committee of the grange.

Senator STONE. What was the date of that?

Mr. ALLEN. Why, I could not state specifically. It was within three or four or five days, I think, after the publication of the treaty.

Senator STONE. After the President's message upon it?

Mr. ALLEN. Yes, sir.

Senator STONE. Have you had frequent consultations since that with Gov. Bachelder?

Mr. ALLEN. Yes, sir; I think that we met not less than three or four times after that at the Manhattan Hotel, and I am very certain that we had not less than four meetings in Washington.

Senator STONE. Did you go to his own town in New Hampshire?

Mr. ALLEN. No, sir; I have never been to Concord. I have not met him except at New York and Washington; I had occasion to go to Albany to see the commissioner of highways, and I think I met Gov. Bachelder there; but with the exception of that the only places that we have conferred have been New York and Washington.

Senator STONE. Did you confer with any of the manufacturers respecting the reciprocity treaty, with a view of interesting them in the noise you were making on it?

Mr. ALLEN. I am pausing for an answer, because I can not recollect that I approached any manufacturers. Some manufacturers did come and talk to me, but I can not remember that I approached any manufacturers.

Senator STONE. Did you ask any manufacturer at any time or suggest to him that he should contribute to the expenses of the campaign?

Mr. ALLEN. I think to such manufacturers as came to me I did suggest that they ought to contribute. I said it would be a pretty hard fight, probably, and it was not right that all the expenses should be borne by the National Grange. But up to the present time we have received nothing except from one manufacturer, and I have no objection to giving his name except that he asked me to keep it from the committee; but I can assure you that he does not manufacture paper or pulp and has nothing to do with the lumber industry. This subscription was made through the National Grange.

Senator STONE. Do you mean to say that that manufacturer contributed some money to the National Grange?

Mr. ALLEN. No; he approached Gov. Bachelder and asked the governor if it would be in harmony with the ideas of the National Grange to make a subscription to us, and the governor told him that it would be.

Senator STONE. After the National Grange making a subscription?

Mr. ALLEN. No, not the National Grange; because the National Grange had agreed—

Senator STONE. That it would be in harmony with what?

Mr. ALLEN. There would be nothing inconsistent with our relations with the grange for this manufacturer to contribute money toward this campaign.

Senator STONE. You mean paying it to you?

Mr. ALLEN. Yes, sir.

Senator STONE. Did he pay it to you after that conference with Gov. Bachelder?

Mr. ALLEN. Did he what, sir?

Senator STONE. Did he make a payment to you?



Mr. ALLEN. He did make a payment to us; yes, sir; but we did not ask it. It was volunteered.

Senator STONE. Did you ask anyone, any manufacturer, or any other interested person outside of the grange to contribute or suggest that a contribution should be made to the campaign?

Mr. ALLEN. I can not say that I did. There were several manufacturers who offered to contribute, and I said we would be very glad to receive them.

Senator STONE. Did they come to you without any suggestion from you?

Mr. ALLEN. They did.

Senator STONE. Was it a surprise to you when they came?

Mr. ALLEN. Not at all, because——

Senator STONE. How did they know you were employed in this work?

Mr. ALLEN. Why, I met them in Washington; I was with the grange—with the legislative committee of the grange.

Senator STONE. And met these manufacturers here in Washington?

Mr. ALLEN. Yes; I met them in Washington.

Senator STONE. While you were here with the legislative committee of the grange on this business?

Mr. ALLEN. Yes, sir; on this business.

Senator STONE. And were they here on this business?

Mr. ALLEN. They were here on this business.

Senator STONE. What kind of manufacturers were they—what lines of business?

Mr. ALLEN. Well, I met Mr. Bronson, of the lumber company; I met Mr. Hastings.

Senator STONE. Mr. Bronson, of Chicago?

Mr. ALLEN. Yes, sir. I had never met him before, but he introduced himself to me.

Senator STONE. And did he contribute?

Mr. ALLEN. He did not.

Senator STONE. He offered to contribute, or did you merely suggest that he should?

Mr. ALLEN. No; I think the suggestion came from him.

Senator STONE. That he would contribute?

Mr. ALLEN. He said that he would; or, rather, he said he thought they ought to.

Senator STONE. And you agreed with him that they should?

Mr. ALLEN. Why, certainly; I would have taken a contribution if he had given it.

Senator STONE. He did not give it?

Mr. ALLEN. He did not give it; no, sir.

Senator STONE. What did he say about contributing?

Mr. ALLEN. I can hardly recollect so as to give an accurate answer to that question. I might remark that this work we are doing on reciprocity is distasteful to me. It has never appealed to us as a business proposition; it certainly has never appealed to me. I was probably more disappointed than anybody else when the President summoned Congress in special session, and I would be very glad to have it over with now; and I told the legislative committee of the grange so at the last meeting. I told them I should be very glad if

we could get out of this, after giving all of our time, with a loss of two or three thousand dollars.

Senator STONE. I repeat my question. What did Mr. Bronson say to you about contributing to the expenses of this antireciprocity campaign?

Mr. ALLEN. He asked me if we would receive it. I said we would. He said he would have to take the matter up when he went to Chicago, and I said nothing more about it; and I do not think that I mentioned the subject to him, although I have seen him since, and I say that it was immaterial to me whether he contributed or not.

Senator STONE. Immaterial?

Mr. ALLEN. Yes; I was not very anxious to receive it.

Senator STONE. You were not anxious, but you would be glad to get it.

Mr. ALLEN. Oh, I would not have refused the subscription. I think he had a perfect right to offer it, and I had a perfect right to take it. I do not see that I did not.

Senator STONE. How many other manufacturers did you confer with on that subject here in Washington?

Mr. ALLEN. I did not confer with any, except those who mentioned the subject to me. I would like to make it clear in my answer that I did not approach these manufacturers; they spoke to me.

Senator STONE. I am asking who they were?

Mr. ALLEN. Oh, I said Mr. Hastings, of the American Pulp & Paper Association.

Senator STONE. He is president of the——

Mr. ALLEN. The American Pulp & Paper Association.

Senator STONE. Did Mr. Hastings think he ought to contribute, too?

Mr. ALLEN. He certainly did.

Senator STONE. And you thought he ought?

Mr. ALLEN. Well, I did not express any opinion. I said I would be very glad to receive it. He has not contributed. We have no agreement with him that he will contribute, and I have no way to compel him to contribute; but if he does contribute, I shall gladly take it.

Senator STONE. You will keep it?

Mr. ALLEN. Well, I expect there will be a deficit anyway in our expenses, so that we would apply it to that.

Senator STONE. Now, we have Mr. Bronson and Mr. Hastings with whom you have talked upon the subject of compensation for your services.

Mr. ALLEN. Rather they talked with me, Senator. I did not approach them. I think that is very important.

Senator STONE. With whom you conversed on the subject?

Mr. ALLEN. Yes; that is better.

Senator STONE. Now, any others?

Mr. ALLEN. I can not remember. I can not think of any. There may have been. I can not remember at the moment.

Senator STONE. Do you know Chester W. Lyman?

Mr. ALLEN. I have known Mr. Lyman for 12 or 15 years socially. I have played golf with him. I had never known him in a business way. I have met him here in Washington.

Senator STONE. Did you ever talk with him about this fight against reciprocity?

Mr. ALLEN. Oh, I have talked with him more or less about it, and sympathized with him; I think he is right.

Senator STONE. Have you been to his office at 30 Broad Street?

Mr. ALLEN. I have.

Senator STONE. And have talked with him there about it?

Mr. ALLEN. Yes; I called on him there and talked with him about it.

Senator STONE. Talked with him about it over the phone?

Mr. ALLEN. Possibly I did.

Senator STONE. Did he say anything to you about contributing?

Mr. ALLEN. I think Mr. Lyman did, but my understanding was that if we had any contribution from that interest it would come from the American Pulp & Paper Association.

Senator STONE. Mr. Lyman is the secretary and assistant president of the International Paper Co., is he not?

Mr. ALLEN. Yes, sir.

Senator STONE. That is a company interested in the manufacture of print paper; they have some 40 or 50 companies merged into the one holding, have they not?

Mr. ALLEN. I do not know; they may have. I do not know anything about the company.

Senator STONE. It is frequently referred to as the Paper Trust?

Mr. ALLEN. I suppose it has been, and is, and will be. I have no knowledge about how many mills they have or whether their mills are antiquated or whether they will be. I have not paid any attention whatever to that side of the question.

Senator STONE. Have you not and are you not now collaborating with the lumber interests and the paper manufacturing interests in fighting this bill?

Mr. ALLEN. In order that I may clearly understand your question, what do you mean by collaboration?

Senator STONE. Working in conjunction with them.

Mr. ALLEN. The work that I am doing is wholly with the National Grange and wholly with reference to agriculture—the side of the farmer in this question. With respect to lumber or paper, I know practically nothing about that branch of the subject.

Senator STONE. Among the literature sent out by the paper manufacturers was one containing this clause, which I read:

By giving publicity to only one side of the case they—

The newspapers—

have succeeded in creating a favorable impression among a great many people. They have not disclosed the fact that the farming classes of the North, from Maine to Oregon, are bitterly opposed to the measure with almost unanimity, and that whatever gain there may be to one class in the population is offset by a loss to the farming classes, whose products are all placed on the free list.

That is an argument by the paper manufacturers against the bill, based on its injury to the farmer. I have another piece of literature which has been sent out:

The lumbering interests of the country also will be injuriously affected, and, contrary to the opinion of many persons who have only a superficial knowledge

of the question, in the judgment of experts and practical people the placing of forest products upon the free list, as proposed, will be greatly detrimental to the cause of forest conservation. We are absolutely satisfied that this is so from our own observation. Forests can not be conserved if the products are reduced by competition with cheaper products from another country, as conservation methods are extensive.

You, working for the grange, and these gentlemen who are working for the paper manufacturers and the lumber dealers have been at least working jointly and in harmony against this bill?

Mr. ALLEN. I do not like to contradict you, Senator.

Senator STONE. I am asking you if that is true.

Mr. ALLEN. That is not true.

Senator STONE. You are working on different lines, without reference to each other.

Mr. ALLEN. Without reference to each other. I know nothing whatever of what work the American Pulp and Paper Association is doing, nor the work that the Lumber Manufacturers' Association is doing.

Senator STONE. You are sending out almost identically the same kind of literature.

Mr. ALLEN. I can not place that extract you read.

Senator STONE. You do not understand me. That was sent out by the paper manufacturers or by their representatives. I read it simply to show the remarkable similarity between their efforts and yours.

Mr. ALLEN. It is purely a coincidence. I never had heard what you read before you read it.

Senator STONE. Are you acquainted with anybody connected with the American Protective Tariff League?

Mr. ALLEN. No, sir; I do not know Mr. Wakeman. I was introduced to him two or three years ago, but we have had no other acquaintance. I would not know him if I saw him now.

Senator STONE. Did you or Mr. Graham, of your firm, send any communication to the American Protective Tariff League or any of its officers respecting this reciprocity agreement?

Mr. ALLEN. I do not believe that we did, although I am not certain. My inclination would be not to send it, and I certainly did not send any. My recollection is that Mr. Wakeman took the matter up with Gov. Bachelder and wanted a list of the local granges with a view to sending them literature. It is my understanding that the governor refused to supply them.

Senator GALLINGER. You are correct on that point, Mr. Allen. I have personal knowledge of that. It was declined. I myself supplied the American Protective Tariff League with a limited list. I wanted to help them in their propaganda.

Senator STONE. Did you ever see a report made to the American Protective Tariff League in which it was stated substantially that you or your firm were asking contributions from manufacturers?

Mr. ALLEN. Why, I understood that someone called at our office, representing himself as identified with a manufacturing concern in Boston, and asked a number of questions. As we had absolutely nothing to conceal, we told him that we were sending out, under Senator Gallinger's frank, copies of the treaty; that we were sending

copies of Senator McCumber's speech; that it would require considerable money to pay all the expense, and that we would be glad to receive contributions from anybody who cared to make them. I do not know that he represented the American Protective Tariff League. In fact, I remember now that he handed us a card which contained the name of a manufacturing concern in Boston. I did not attach any importance to his visit, and I did not know that he was a detective, or from some agency, until I read that article in the New York Herald that you are quoting from. I do not know where he came from.

Senator LODGE. Did you say he was a detective?

Mr. ALLEN. A detective? I rather imagine that he was.

Senator SMOOT. You judged that from the article in the Herald?

Mr. ALLEN. From the article in the Herald, and I believed after I read it that he had been sent there by the representatives of the American Publishers Association.

Senator STONE. This matter that appears in the paper to which I have been referring purports to come from the Tariff League.

Mr. ALLEN. I am absolutely certain, so far as my knowledge goes, that no representative of the American Protective Tariff League called at our office. As Senator Gallinger stated, they had been in correspondence with Gov. Bachelder. I think that Gov. Bachelder consulted us about getting out the list of the local granges, and we suggested to him it would hardly be a good idea to give them.

Senator KERN. What objection would there be to it?

Mr. ALLEN. The granges, as a rule, regard their rosters as confidential. They do not give them out generally. Gov. Bachelder probably can explain why. I am not a member of the grange. When they give us their rosters they are given in confidence. We can not use them for any other purpose or give them to anybody. The American Protective Tariff League did not apply to us.

Senator KERN. I understand Senator Gallinger to say that he was given a list of the granges.

Mr. ALLEN. There is a list published by the Department of Agriculture. They change their secretaries and the masters of these local granges, and the only information the Department of Agriculture's publications contain is the number of members of the local granges. They wanted the names of the local masters and the secretaries and other officers in the local organizations, and those, I understand, the grange objected to giving out.

Senator KERN. You say the American Protective Tariff League wanted the names of the officers?

Mr. ALLEN. They wanted the list I referred to.

Senator KERN. You do not know how many they obtained?

Mr. ALLEN. I do not know. They received none from us. They did not apply to us; they applied to Gov. Bachelder, and he forwarded the letter to us.

Senator STONE. How much force did you have in your employ to send out this literature?

Mr. ALLEN. Not very large; I think two girls for addressing envelopes and two stenographers. We do not require a very large force, because this literature is often sent to the State masters of the vari-

ous granges for distribution. Then, too, the State masters frequently prepare their own circulars; get up their own literature. For illustration, Mr. Hull exhibited a petition signed by 30,000 farmers in Michigan. I did not know that that petition had been circulated or that the grange had taken such action until it was filed with this committee. They have a very large grange in Michigan, with a membership of 55,000 or 60,000. They have been very active against the treaty and have prepared considerable literature for distribution. Mr. Hull has traveled all over the State and, I understand, has called meetings to discuss the treaty, with which we have had nothing to do.

Senator STONE. You had two girls and two or three stenographers in addition——

Mr. ALLEN. That is our regular staff, Senator. We employed no extra help.

Senator STONE. You use your regular staff in distributing this literature?

Mr. ALLEN. Yes.

Senator HEYBURN. I did not understand that he said they distributed it, except to send it to the local granges.

Senator STONE. You send it to the masters of the State granges?

Mr. ALLEN. Yes; it was sent to Gov. Bachelder. Under his order we also sent literature to the various State masters, by express, for distribution. In that way the work has been carried on very cheaply.

Senator STONE. You mean, when literature was prepared you would express a package of it to a State master, or to some individual for distribution in that State?

Mr. ALLEN. No; they all go to the State masters.

Senator STONE. Well, to State masters; you did not send any to any State where there was no State master?

Mr. ALLEN. Not unless Gov. Bachelder forwarded to us a letter from some outside farm organization asking for some of the grange literature.

Senator STONE. Mr. Chairman, in this connection, if there be no objection on the part of any Senator, I would like to have this article concerning the Protective Tariff League, in the New York Herald of May 11, inserted.

Senator CLARK. Who is it by?

Senator STONE. It is sent from here by the correspondent.

Senator CLARK. Who is the correspondent?

Senator STONE. I do not know.

Senator GALLINGER. What does it have to say about the American Protective Tariff League? Is it complimentary or otherwise?

Senator STONE. It is not uncomplimentary. I can read it.

Senator GALLINGER. If it goes into the record I think it ought to be read. I have seen so much trash that has been sent out from here by newspaper correspondents that I do not take much stock in that.

Senator STONE. We will come back to that. Do you know William M. Wood, president of the American Woolen Co.?

Mr. ALLEN. No, sir; I do not know him.

Senator STONE. Did you send any communication or your firm send any communication to him?

Mr. ALLEN. Absolutely not; he called me up on the phone.

Senator STONE. You had a talk about this over the phone?

Mr. ALLEN. I think it was about the reciprocity bill.

Senator STONE. About this antireciprocity campaign?

Mr. ALLEN. Yes.

Senator STONE. What was that conversation?

Mr. ALLEN. I can not remember exactly.

Senator STONE. The substance of it and exactly what it was, as nearly as you can remember.

Mr. ALLEN. I think he said that the American Woolen Co. or the National Association of Woolen Manufacturers would help financially in this campaign; he thought they would; and I said we would be very glad to receive any amount that he contributed, but he failed to make good.

Senator STONE. You have not yet received anything.

Mr. ALLEN. Nor do we expect to; and I would be very glad to receive your assurance that we are going to get it.

Senator STONE. I have not the honor of the gentleman's acquaintance.

Mr. ALLEN. I do not know Mr. Wood; and I would not know Mr. Wood if I met him. I did not go to Mr. Wood; he called me up.

Senator STONE. And you and he held a conversation over the phone?

Mr. ALLEN. Necessarily, I had to converse with him over the phone, and he took the initiative and called me up.

Senator STONE. And is that one conversation the only one that you have had with him?

Mr. ALLEN. Absolutely the only conversation I had with him.

Senator CLARK. You really do not know that it was Mr. Wood at the other end of the line?

Mr. ALLEN. I do not know that it was Mr. Wood.

Senator GALLINGER. The telephone girls must be in this conspiracy.

Senator STONE. You held a conversation with some man whom you supposed to be Mr. Wood?

Mr. ALLEN. No; I will concede that, since there is no doubt that it was Mr. Wood.

Senator STONE. There was not any conspiracy of phone girls in that?

Mr. ALLEN. I hope not.

Senator GALLINGER. How do you think that conversation between you and Mr. Wood became public—have you mentioned it?

Mr. ALLEN. Absolutely not.

Senator GALLINGER. It may be, Mr. Allen, that Mr. Wood has.

Senator STONE. Mr. Chairman, I think I will not go over the ground I went over when I questioned Mr. Graham, as his answers were sufficient for the occasion without being added to. So far as I am concerned, I think I will not ask this witness any additional questions.

Mr. ALLEN. I thank you, Senator.

Senator SMOOT. Mr. Chairman, I would like to ask a question. Mr. Allen, did you prepare the list of articles showing the rate of duty into Canada and into the United States that was presented by Gov. Bachelder?

Mr. ALLEN. He asked us to have those rates prepared for him. We asked somebody to do it for us, and when these rates were called in question Mr. Graham and I looked them over, and I think an explanatory note was written to the chairman of the Finance Committee by Gov. Bachelder.

Senator Smoor. Then you admit that there were a great many of them that were incorrectly quoted?

Mr. ALLEN. They were probably incorrect, but they were only intended to be indicative of the different rates prevailing between Canada and this country.

Senator Smoor. Mr. Chairman, so that there will be no mistake and that all of the rates may be absolutely as recorded by the Canadian Statistical Abstract and also the Statistical Abstract of our country, I would like to file this and have put in the record the rates as they really are, if there is no objection.

The CHAIRMAN. The statement will be put into the record.

(The statement of rates submitted by Senator Smoot follows:)

#### DUTIES ON MANUFACTURED ARTICLES USED BY CANADIAN AND AMERICAN FARMERS.

[Comments on list presented by ex-Gov. N. J. Bachelder.]

The list of comparative tariff rates appearing on pages 26 and 27 of the Finance Committee's hearings on reciprocity May 8, 1911, not only states many rates with absolute incorrectness, but is based throughout on the assumption that Canada imports a majority of her manufactured goods from Great Britain under the British preferential rates of her tariff, whereas in many of the instances cited the bulk of the Canadian imports are from the United States and are taxed from 10 to 15 per cent higher than the rates set down under the heading "Canadian tariff."

The Canadian preferential rates given are not stated accurately. Wire from Great Britain is dutiable at 15 per cent instead of 10 per cent under No. 406 of the Canadian customs tariff of 1907, covering "wire of all metals and kinds not otherwise provided for." Twisted or clothesline wire is dutiable at 17½ per cent. Hats from Great Britain meet a rate of 22½ per cent instead of 20 per cent. It is true that a few fur hats are admitted at 20 per cent, but these are included with all other manufactures of furs in the import figures, the total reaching but \$421,741 in value, while ordinary felt and straw hats entering at higher rates totaled \$2,890,134.

The 35 per cent rate given for sugar can not be found in the Canadian tariff law or derived from the Canadian import statistics. The preferential rate on refined sugar is 72 cents per 100 pounds, with 1 cent per 100 pounds additional for each polariscope degree over 88. The rate of 17½ per cent stated for carpets applies only to mattings, the rate on carpets being 25 per cent and the value of these carpets imported by Canadians being many times that of the mattings imported by them. The British preferential rate on celluloid collars and cuffs is 25 per cent, while the list referred to states that no manufactures of celluloid from Great Britain are taxed more than 5 per cent. The rate on cement is 8 cents per 100 pounds, instead of 5 per cent as stated; and this 8-cent rate is equivalent to approximately 25 per cent ad valorem. Baskets are dutiable at 20 per cent instead of being free of duty. Rubber coats are dutiable at 22½ per cent instead of 15 per cent. Lead in bars and sheets is dutiable at 15 per cent, in pigs and bolcks at 10 per cent, and in manufactured forms at 20 per cent; while the list states it as being exempt from all duty.

United States tariff rates are in several instances incorrect. Our duty on tin plates is specific (1.2 cents per pound), but is equivalent to 42.33 per cent ad valorem instead of 45 per cent. The rate of 75 cents per 100 pounds for wire can apply only to barbed wire, and is equivalent to 7.77 per cent ad valorem. The total imports of sugar into the United States during the year ended June 30, 1910, were admitted at an average ad valorem rate of 52.78 per cent instead of the 80 per cent rate shown in the grange's list. Common



or laundry soap, the grade referred to when the Canadian rate is stated at 65 cents per 100 pounds, enters the United States at 20 per cent instead of 50 per cent. Manufactures of celluloid enter the United States at 65 cents per pound plus 30 per cent, the duty being the equivalent of 55.45 per cent ad valorem in place of 60 per cent. Cement is dutiable at 8 cents per 100 pounds, the equivalent of about 22 per cent instead of 10 per cent, and the American rate is identical with the Canadian preferential rate and lower than the Canadian intermediate and general rates. Salt in bulk is admitted at 7 cents instead of 11 cents per 100 pounds, and about two-fifths of our imports enter at the lower rate. Figs are dutiable at 2½ cents per pound in place of 1 cent per pound plus 85 per cent. Jute bags are dutiable at ¼ cent per pound and 15 per cent, which works out to 33.08 per cent ad valorem instead of 45 per cent as stated in the list. The 45 per cent rate applies to "all other" manufactures of vegetable fibers. Cotton thread enters at an average ad valorem rate of 32.18 per cent instead of at 45 per cent as listed.

The list under discussion is premised with the statement that "the greater part of the manufactured goods imported into Canada come from Great Britain," and that therefore "it is only fair to take the rates of duty on British goods as the standard of comparison with our [the United States] tariff rates." The official Canadian import statistics, however, show that the greater part of Canada's imports of many of the leading items listed comes from the United States and pays duties much higher than those stated for comparison. Nearly nine-tenths of the furniture purchased by Canada, for example, comes from the United States, and is dutiable at 30 per cent instead of 20 per cent, as stated. The 30 per cent rate is practically equal to the United States rate of 35 per cent. Imports of furniture into Canada during the year ended March 31, 1910, were as follows:

From—	
United States.....	\$851, 077
Great Britain.....	89, 196
Other countries.....	54, 107
Total .....	994, 380

Common or laundry soap, the grade to which the Canadian rate quoted applies, is bought by Canadians mainly from the United States, and is taxed \$1 per 100 pounds instead of 65 cents. The \$1 rate is equivalent to nearly 18 per cent ad valorem, and the proper United States rate is 20 per cent, the 50 per cent rate being erroneous. Canadian imports were:

From—	
United States.....	\$191, 404
Other countries .....	8, 549
Total .....	199, 953

Pianos bought by Canada come chiefly from this country, and are taxed 30 per cent instead of 20 per cent. The imports were:

From—	
United States.....	\$282, 457
Other countries .....	14, 521
Total .....	296, 978

Stoves used by Canadians, when from abroad, are largely of United States origin, as the following import figures show, and enter at 25 per cent instead of 15 per cent:

From—	
United States.....	\$480, 927
Other countries .....	11, 611
Total .....	492, 538

The same is true as to sewing machines, the tax on the vast majority of imports being 30 per cent instead of 20 per cent:

From—	
United States .....	\$308, 699
Other countries .....	19, 550
Total .....	323, 249

Four-fifths of the tinware taken by the Dominion is from America, and is taxed at 25 per cent instead of 15 per cent:

From—	
United States .....	\$232, 071
Other countries .....	74, 932
Total .....	307, 003

Rubber boots and shoes entering from this country are taxed at 25 per cent instead of 15 per cent, and our share in Canada's purchase is:

From—	
United States .....	\$113, 956
Other countries .....	1, 887
Total .....	115, 843

Three-fourths of Canada's imports of clocks and watches come from the United States and most of the remainder from Germany at the same rate of duty, 30 per cent instead of 20 per cent:

From—	
United States .....	\$204, 932
Germany .....	68, 735
Other countries .....	49, 417
Total .....	413, 134

Nearly one-half of the hats imported by Canada are from this country and are dutiable at 35 per cent instead of 20 per cent. About one-half of the agate ware purchased by Canada is also from this country, and is taxed at 35 per cent instead of the 22½ per cent rate given in the list presented by ex-Gov. Bachelder.

Senator WILLIAMS. Did you prepare them?

Senator SMOOT. No; it was prepared by the State Department. I do this because I think that it is not only proper that the actual facts should be known, but I also think that it would be acceptable to the grange that those filed should be absolutely correct and that there should be no misunderstanding on their part.

Senator WILLIAMS. We take it for granted that they want to tell the truth.

Senator KERN. You spoke of having received communications from different persons, representatives of the American Protective Tariff League.

Mr. ALLEN. We received no communication from the American Protective League.

Senator KERN. Did you not talk with any representative, or with Mr. Wakeman?

Mr. ALLEN. I have not talked with Mr. Wakeman on this subject; I do not know Mr. Wakeman. His letter to Gov. Bachelder was forwarded to us.

Senator KERN. Then, their communication was with Gov. Bachelder, and Gov. Bachelder turned it over to you?

Mr. ALLEN. Yes, sir.

Senator KERN. You were spoken to by representatives of the International Paper Co.?

Mr. ALLEN. Why, I think I stated that I have known Mr. Lyman for 12 or 15 years. I never had any business relations with him.

Senator KERN. With Mr. Hastings?

Mr. ALLEN. I should say I did not know Mr. Hastings until I met him in connection with this work.

Senator KERN. That is what I was trying to get at. Where did you meet him in connection with this work?

Mr. ALLEN. I met him at the hotel in Washington.

Senator KERN. Here in Washington?

Mr. ALLEN. Yes.

Senator KERN. How was he connected with this work? How could you meet him in connection with this work?

Mr. ALLEN. I also met Mr. Hastings at the Senate Finance Committee hearings.

Senator KERN. The hearing was in this room. How did you happen to meet him at the hotel?

Mr. ALLEN. I met Mr. Hastings at the hotel, and I met him at the hearings, but whether I met him first at the hearings or whether I met him first at the hotel I can not recollect.

Senator KERN. How did he know, if you know, that you were interested?

Mr. ALLEN. I was with the members of the grange—with the legislative committee.

Senator KERN. And was he with the members of the grange at the hotel?

Mr. ALLEN. He may have been.

Senator KERN. No, no; I am asking you if he was?

Mr. ALLEN. I did not quite understand your question. He was stopping at the New Willard. I was stopping there, and some of the grangers were stopping there.

Senator KERN. Did you confer there together—the grangers and you and Mr. Lyman and Mr. Hastings, or any of these men?

Mr. ALLEN. I can not say whether Mr. Hastings conferred with any of the grangers. He certainly did not confer with any of the grangers while I was present. He may or he may not have conferred with them.

Senator KERN. This woolen manufacturer who called you up—have you any idea how he knew you were interested in this matter?

Mr. ALLEN. Yes; he wired to Gov. Bachelder, and the governor wired him to see us, and he called me up on the phone.

Senator KERN. You have spoken something about there being a deficit in the matter of the expenses here.

Mr. ALLEN. I said we would be very glad if we could close this work—

Senator KERN. I understood you to say there was a deficit of \$2,000 or \$3,000.

Mr. ALLEN. That is what the deficit is to-day.

Senator KERN. How do you know?

Mr. ALLEN. Well, my own expenses—our expenses.

Senator KERN. You have a contract with the grange?

Mr. ALLEN. I have an agreement with the grange.

Senator KERN. And the grange has a membership of a million, and they taxed each man 5 cents, and so they have abundant funds.

Mr. ALLEN. The State granges have their money in the treasury, and they spend it independently.

Senator KERN. The National Grange has a per capita tax on each member.

Mr. ALLEN. They have agreed—Gov. Bachelder and his associates—to pay us, and we expect to bring the matter up at the next convention and have the amount over and above the amount that we actually receive, if there is a deficit, made good.

Senator KERN. If you have a contract with them for a compensation for the work you do, and they are entirely responsible, how would there be any deficit? Have you a contract whereby you are to pay your own expenses?

Mr. ALLEN. No; they have agreed to pay the expenses, but the amount they have offered to pay us is not yet settled.

Senator KERN. I understood your partner to say that you had not agreed on an amount at all.

Mr. ALLEN. We have not positively agreed on the actual amount to be paid as our personal compensation.

Senator KERN. Then, now, if you were to have compensation for your services, and to have your expenses paid, and this contract is made with a perfectly solvent organization, what do you mean when you are talking about a deficit of two or three thousand dollars?

Mr. ALLEN. I meant it is impossible for us to tell how long this question will be before Congress. We assumed that the bill would be acted on about the middle of May or about the 1st of June.

Senator KERN. You are not interested in the question of expenses, if the grange is to pay it?

Mr. ALLEN. The grange has agreed to pay a certain amount.

Senator KERN. What amount?

Mr. ALLEN. Well, I do not think that question—

Senator KERN. The reason I asked that question was that I understood your partner this morning to say there had been no amount agreed upon.

Mr. ALLEN. No amount has been definitely agreed upon; that is true. Two or three amounts have been stated, but we are not satisfied with the amount that has been suggested. The amount which we are to receive is now under consideration. The executive and legislative committees of the grange are to meet and take that subject up, and we are to present them with a list of the expenses incurred.

Senator KERN. Will you tell the committee what you meant awhile ago, then, if this grange is to give you compensation and pay your expenses, why a deficit of \$2,000 or \$3,000?

Mr. ALLEN. The grange can only afford to allow a certain amount for this work. Now, it has seemed to me—

Senator KERN. I understood you to say there was no amount agreed upon.

Mr. ALLEN. We understand this subject will be before Congress for two or three months, and we are not in the habit—we do not wish to take any more money from the grange than can be spared from their treasury for this work.

Senator Smoor. Mr. Allen, did I misunderstand you when you said there was a deficit of a little over \$2,000 up to date?

Mr. ALLEN. Up to date.

Senator SMOOT. That is, you have not received up to date your expenses by \$2,000?

Mr. ALLEN. By \$2,000 or \$3,000.

Senator WILLIAMS. And did you not add after that that you would be very glad to get out of this with a loss of \$2,000 or \$3,000?

Mr. ALLEN. What I meant was, if this has got to last three months longer.

Senator WILLIAMS. Whatever you meant, did you not say you would be glad to get out of this with a loss of \$2,000 or \$3,000?

Mr. ALLEN. I would be very glad if, when this matter is disposed of by Congress, our loss does not exceed \$2,000 or \$3,000; I would be very glad if the matter could be closed out to-day.

Senator WILLIAMS. If you did not make any money out of this, why did you go into it?

Mr. ALLEN. I am glad you asked that question. You heard Mr. Graham explain about the good-roads work. We had to temporarily give up and temporarily suspend the work on that to take up this work in connection with reciprocity. The work is distasteful to us; we do not like to be brought in conflict with the President of the United States, and we would like the work to end. It is not, and has not been, an inviting proposition to us from a business standpoint. I wanted to make this explanation. We had been for the last three years carrying on a campaign for township aid, county aid, State aid, and national aid for road improvement, and the Director of the Office of Public Roads, who has organized a national highway association, was anxious that we should cooperate with him through the agency of the National Grange.

Senator WILLIAMS. You went into this work with a loss of two or three thousand dollars, because the public-road man wanted to cooperate with you?

Mr. ALLEN. I said if I could get out—if, when this subject was finished, our net losses did not exceed two or three thousand dollars, I would be satisfied.

Senator WILLIAMS. What makes you satisfied with that sort of business?

Mr. ALLEN. I told you that I went into this very reluctantly—that the grange asked us to take up the work—asked us to help them.

Senator WILLIAMS. One other question, and then I shall quit. All of the arguments that you have furthered, or revised, or originated, have been arguments along the lines of the injury to the farmer that would follow from this agreement, if it be enacted into law, are they not?

Mr. ALLEN. Yes.

Senator WILLIAMS. Entirely along that line. You have issued no literature showing the lumberman would be injured or the Paper Trust would be injured. You have not had anything to do with that?

Mr. ALLEN. No, sir.

Senator WILLIAMS. Yet, if I understand you correctly, Mr. Hastings of the International Paper Co.—

Mr. ALLEN. Mr. Hastings is not of the International Paper Co.

Senator WILLIAMS. I mean the American Pulp Paper Association, and somebody else whom you mentioned, who was connected with the International Paper Co., and Mr. Bronson, who is con-

nected with the lumber interests. All three approached you voluntarily with a suggestion that they would contribute because of the work that you had been doing?

Mr. ALLEN. That is right.

Senator WILLIAMS. Very well; that is all I wanted.

Mr. ALLEN. But they have not contributed.

Senator WILLIAMS. But they have approached you with that suggestion.

Senator CLARK. I made a request on the committee that, if possible, I would like to have a copy of the bill now pending before the Canadian Parliament carrying out this agreement, and the secretary of the committee furnished me this morning with a copy that came from the State Department. If it is found to be a fact that that is before the Canadian Parliament, I would ask that it be printed as a part of these hearings.

The CHAIRMAN. The clerk of the committee will be directed to see if it is a correct copy; and if so, it will be printed.

Senator CLARK. I want it to appear in the proceedings.

Senator GALLINGER. It might as well be printed as a document.

The CHAIRMAN. The idea was to print these papers for the use of the committee, and subsequently, if they thought it desirable, to print them as separate documents.

Are there any further inquiries on the part of the committee to be addressed to Mr. Allen? If not, all persons not members of the committee will withdraw, and the committee will proceed to the consideration of executive business.

(The committee then proceeded to executive business; and after being 30 minutes in executive session, at 4.20 o'clock p. m. adjourned until Monday, June 5, 1911, at 10 o'clock a. m.)



**MONDAY, JUNE 5, 1911.**

**UNITED STATES SENATE,  
COMMITTEE ON FINANCE,  
WASHINGTON, D. C.**

The committee met at 10 o'clock a. m., Hon. Boies Penrose in the chair.

Present: Senators Penrose (chairman), Cullom, Lodge, McCumber, Smoot, Gallinger, Clark, Heyburn, La Follette, Bailey, Simmons, Stone, and Williams.

The committee thereupon proceeded to the consideration of H. R. 4412, an act to promote reciprocal trade relations with the Dominion of Canada, and for other purposes.

The CHAIRMAN. The committee will come to order. The committee has invited to be present this morning a number of gentlemen identified with the Associated Press and the Publishers' Association. Mr. Herman Ridder is present. Mr. Ridder, will you take the table there, please, where the stenographer can take down your remarks? You can be heard better there.

**STATEMENT OF MR. HERMAN RIDDER, PUBLISHER NEW YORKER  
STAATS ZEITUNG, 182 WILLIAM STREET, NEW YORK CITY.**

The CHAIRMAN. Mr. Ridder, will you kindly state whom you represent?

Mr. RIDDER. I was for four years and three months president of the American Newspaper Publishers' Association.

The CHAIRMAN. You reside in New York?

Mr. RIDDER. I live in New York.

The CHAIRMAN. What is your business?

Mr. RIDDER. I am publisher of the New Yorker Staats Zeitung. It is a corporation, but I own the stock.

Senator HEYBURN. Perhaps it would be well for Mr. Ridder to state what he has brought with him. I would like first to have the records show what he was requested to bring. You were requested to bring copies of the minutes and resolutions of the association relative to the question of Canadian reciprocity, and copies of any letters or circulars issued by authority of or by any officer of your association to any person, corporation, or association on the same subject. Have you brought them?

Mr. RIDDER. I have them all here. Shall I hand them in?

The CHAIRMAN. Do you desire all those papers to go into the record?

Mr. RIDDER. Yes, sir; I brought them for that purpose.

Senator HEYBURN. I think they had better be read.



The CHAIRMAN. Suppose you just analyze them, Mr. Ridder, and state the contents of them.

Mr. RIDDER. These are resolutions passed at the first meeting of the American Newspaper Publishers' Association, when they treated this subject four years ago, a resolution in favor of free paper and wood pulp. They are all along that same line.

Senator GALLINGER. Dealing simply with that bald question?

Mr. RIDDER. Only with that question; yes. Afterwards, when the reciprocity measure was introduced we also favored the reciprocity measure.

Senator SMOOT. Are there any letters or circulars here sent out by your association?

Mr. RIDDER. Yes, sir; they are here—copies of everything we have sent out.

Senator HEBURN. We want to look them over. We want to examine him on them.

The CHAIRMAN. They will be put into the record and printed.

(The papers submitted by Mr. Ridder are as follows:)

WASHINGTON, D. C., January 16, 1911.

HON. PHILANDER C. KNOX,  
*Secretary of State.*

DEAR SIR: In the matter of print paper and wood pulp, may I urge upon you the importance of an insistence upon free pulp wood from Canada in exchange for free print paper and wood pulp? In making this request I act in behalf of the American Newspaper Publishers' Association as its authorized representative and upon the express authorization given to-day and covering this particular matter of Mr. Herman Ridder, president, and Mr. Don C. Seitz, constituting the association's committee on paper, and of Mr. E. H. Baker, secretary. I am authorized to supplement this request with the individual approval of the above view by each of the gentlemen who participated in to-day's conference with you upon this subject, viz: Mr. E. H. Butler, Buffalo News; Mr. E. H. Baker, Cleveland Plain Dealer; Mr. Frank B. Noyes, Washington Star; Mr. P. C. Boyle, Oil City Derrick; Mr. Thompson, New Orleans Item.

With grateful acknowledgment of the consideration shown by you to us, believe me,

Yours, respectfully,

JOHN NORRIS,  
*Chairman Committee on Paper,*  
*American Newspaper Publishers' Association.*

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[Sent to American Newspaper Publishers' Association members.]

NEW YORK, January 24, 1911.

For your confidential information, I take pleasure in advising you that the negotiations of the United States Government with Canada provide for the admission of print paper and wood pulp free of duty when made from wood cut on private lands or free from restrictions of exportation.

If ratified by Congress, this arrangement will immediately and automatically insure a full supply of print paper free of duty, and will exert a pressure upon the provincial authorities which will ultimately force them to remove their restrictions on exportation of pulp wood. The advance thus far made is a matter for mutual congratulation among members of the association.

Yours, faithfully,

HERMAN RIDDER, *President.*

[Sent to every publication in the United States.]

AMERICAN NEWSPAPER PUBLISHERS' ASSOCIATION,  
903 PULITZER BUILDING,  
New York January 27, 1911.

To Publishers: The reciprocity arrangement which has just been negotiated by representatives of the United States and Canadian Government provides for the admission of news print paper and wood pulp free of duty from Canada when made from wood cut on private lands or wood free from restrictions of exportation. Congress and the Canadian Parliament must ratify it before it can become effective.

Users of print paper have a direct and immediate interest in securing this relief from combinations of paper makers which have been taxing publishers to the extent of \$5,000,000 per annum. Free print paper from Canada should reduce print paper prices promptly and materially. The reciprocity arrangement is urged also on the broad lines of conserving our forests and of removing a tax upon knowledge.

Will you not promptly communicate with your Senators and Representative in Congress and urge favorable action?

Yours, faithfully,

HERMAN RIDDER, *President.*

[Sent to publishers in Florida, Georgia, Maryland, Illinois, Ohio, North Carolina, Michigan, Minnesota, Nebraska, Wisconsin, with different inclosure (attached) for each State.]

AMERICAN NEWSPAPER PUBLISHERS' ASSOCIATION,  
WORLD BUILDING,  
New York, February 9, 1911.

*Greeting:*

The proposed reciprocity arrangement with Canada, in addition to providing for free print paper when made from free wood, gives many advantages in other directions to the material interests in your State.

Will you kindly give publicity to the inclosed enumeration of products affected by the arrangement and will you urge your Senators and Representative in Congress to favor the paper clause exactly as it is expressed in the agreement? The paper makers are trying to nullify the provision for free paper by amendments that are intended to be fatal.

Will you also arrange to have your State Legislature and your local commercial and industrial organizations and your trade unions to adopt and forward resolutions to President Taft and to both branches of Congress?

Yours, respectfully,

JOHN NORRIS,  
*Chairman of Committee on Paper.*

[Copy of instructions to editors sent by Herman Ridder, president American Newspaper Publishers' Association.]

NEW YORK, February 17.

By request, private to editors. It is of vital importance to the newspapers that their Washington correspondents be instructed to treat favorably the Canadian reciprocity agreement, because print paper and wood pulp are made free of duty by this agreement.

HERMAN RIDDER,  
*President American Newspaper Publishers' Association.*

[Sent to American Newspaper Publishers' Association, Associated Press, United Press, and printed copy to every publication in United States.]

AMERICAN NEWSPAPER PUBLISHERS' ASSOCIATION,  
903 PULITZER BUILDING,  
New York, March 10, 1911.

May I invite your attention to the point that promptness in ratifying the reciprocity agreement of the United States with Canada is of the utmost importance to newspapers?

There is danger in amendments or changes or delay. The two Governments had a tacit understanding that the arrangement would go through as framed.

The difficulties attending ratification on the Canadian side may be increased greatly if there is hesitation or an attempt on our part to make a new trade.

Will you kindly urge, through your publication and by letters to your Representative and Senators, that the agreement as made by the State Department be passed speedily by Congress and without amendment?

Yours, faithfully,

*President American Newspaper Publishers' Association.*

[Sent to Members of Congress.]

AMERICAN NEWSPAPER PUBLISHERS' ASSOCIATION,  
908 PULITZER BUILDING,  
New York, May 5, 1911.

At the annual meeting of the American Newspaper Publishers' Association, held in New York April 27, 1911, the following resolution was adopted, and I have the honor to transmit it herewith for your information:

"The American Newspaper Publishers' Association, in annual meeting assembled at New York City, respectfully urges the United States Senate to pass speedily and without amendment House bill No. 4412, known as the reciprocity bill. It also urges the abolition of import duties upon print paper when made from free wood, wherever cut."

Yours, truly,

JOHN NORRIS,  
*Chairman of Committee on Paper.*

[Resolutions adopted at a special meeting of stockholders of the American Newspaper Publishers' Association at the Waldorf-Astoria Hotel, New York, Sept. 18, 1907.]

In view of the information submitted to the American Newspaper Publishers' Association by its committee on paper, indicating that unlawful combinations of paper makers have been organized recently, that artificial stimulation of prices has been accomplished, and that judicial prohibition of such efforts has been disobeyed—

The American Newspaper Publishers' Association hereby instructs its committee on paper to invite the attention of the President and Department of Justice to these movements, which we regard as conspiracies in restraint of trade, and we give this instruction to the committee in order—

First, that the authority of existing statutes for repression of trade combinations may be invoked;

Second, that the defiance of recent judicial action prohibiting participation in such a combination by certain western mills may be punished; and

Third, that the President may be put in possession of information which shall equip him to advise Congress of the abuse of its tariff favors by paper makers.

That it is the sense of this meeting that the duty on printing paper, wood pulp, and all material entering into the manufacture of printing paper should be immediately repealed.

*Resolved*, That the membership of this organization pledge themselves to an adequate assistance for legal counsel and other expenses in assisting the Government in any prosecution that may be undertaken, and that the executive committee of this association be instructed to gather information and raise such funds as may be required.

[Formulation adopted at annual meeting of American Newspaper Publishers' Association held in New York Apr. 22, 1908.]

The American Newspaper Publishers' Association, comprising representatives of daily newspapers printed in every section of the country, and gathered in annual convention, protests against the subterfuge just designed by Speaker Cannon and Representatives Payne and Dalzell, creating a Committee on Paper Inquiry, and thereby blocking the Stevens bill for free paper and free pulp. We charge that this device was inspired in bad faith. Since early in December, 1907, a committee of this body had been clamoring at the doors of the Ways and Means Committee for an opportunity to show the power of illegal

combinations of paper makers to raise paper prices, and the effect thereon of existing tariff restrictions. Messrs. Payne and Dalzell have repulsed all such efforts. The Speaker of the House has turned away his face whenever any Member tried to raise the issue on the floor of the House. We are now amazed to find that Messrs. Cannon, Payne, and Dalzell have changed their tactics and avow a desire to study the tariff phases of this paper question. They say they want the whole matter investigated thoroughly, though they know that such inquiry will carry over the entire proposition to the next session of Congress. They now pose as champions who had been eagerly asking for that which for months they had the power to refuse, and which they did refuse.

With the utmost respect and deference for the authority of Congress, we challenge the intentions of those who have thus far succeeded in sidetracking the Stevens bill. We charge that action on the Stevens bill has been delayed to the advantage of a combination of paper makers who, in a desperate effort to maintain artificial prices upon a declining market, have shut down nearly 50 per cent of their mills, and who, by throwing into idleness a considerable number of their employees, have shown the insincerity of their professions that tariff duty on paper was needed to protect that labor.

"The thanks of the American Newspaper Publishers' Association are hereby tendered to President Roosevelt for his kindly and courageous message in favor of free pulp and print paper.

"The members of the American Newspaper Publishers' Association, in annual meeting assembled, desire to call the attention of the President and Congress to the false reports of news-print paper prices, which were recently furnished to Congress by the Director of the Census Bureau. The newspapers here represented use approximately 80 per cent of the news-print paper consumed in the United States, and we denounce the quotations submitted to Congress as misleading and unworthy of credence. The reiteration of the accuracy of those figures by the director, after the error had been called to public attention, tends to shake public confidence and respect for statistics thus compiled."

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[Telegram.]

"The American Newspaper Publishers' Association in convention assembled protests against the subterfuge designed by Payne, Dalzell, and Cannon to prevent relief from the extortions of the paper combine. We ask that the Stevens bill, now throttled in the Ways and Means Committee, be put to a vote on the floor of the House. We represent the seventh largest industry in the United States and have rights that Congress is bound to respect."

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[Minute adopted at annual meeting of American Newspaper Publishers' Association, held in New York Apr. 22, 1900.]

The American Newspaper Publishers' Association, at its annual meeting in New York to-day, with the largest attendance in the history of the organization, comprising representatives of 290 daily newspapers, instructs its secretary to telegraph and write immediately to each United States Senator, advising him that the association, by a rising vote, with only three dissenters, earnestly urges the confirmation by the Senate of the action of the House of Representatives in the matter of pulp and print paper.

The investigation made by the select committee of the House of Representatives, covering a period of 10 months and surpassing in thoroughness any trade inquiry ever attempted in tariff history, has shown that American paper mills actually make paper cheaper than the most modern Canadian mill, and therefore any import duty upon print paper is in the nature of a concession to the American mills. We are informed that the paper manufacturers are trying to induce the Senate to raise the rate of duty fixed by the Payne bill. The success of such an effort would prevent the possibility of an arrangement with Canada, which arrangement the select committee deemed of utmost importance in order that we might continue to obtain from that country the considerable supply of pulp wood now used by American mills in news-print paper manufacture.

The well-matured and unanimous recommendations of the select committee, composed of representatives of both political parties, have safeguarded the interests of paper makers and consumers against the possibility of hostile action by Canada.

We protest against any procedure which will ignore the work and results of the House committee's investigation, and which, by provoking a trade war and stopping the exportation of pulp wood from Canada, may bring great loss to American newspapers and destruction to American forests.

For a period of years the American newspapers have been the victims of paper combinations, mergers, corners, discriminations, and secrecy in paper quotations. The failure of paper makers to employ technical skill in the operation of their plants has increased the burdens of consumers. We want to put an end to these abuses by broadening the market and by stopping schemes such as that planned in the creation of the International Paper Co., which aimed to destroy competition and to give value to a collection of antiquated mills by bringing them under one control with 7,000 square miles of timberland and undeveloped water powers to the extent of 194,000 horsepower. We object to these gigantic speculations at our expense.

Every obligation which the paper maker owed to the Government as a tariff beneficiary has been violated. Newspapers have been forced to bear the burden of frequent fluctuations and artificial stimulations of paper prices. The publishers ask fair treatment.

[Telegram.]

The American Newspaper Publishers' Association, at its annual meeting in New York to-day, with the largest attendance in the history of the organization, comprising representatives of 290 daily newspapers, has instructed me as its secretary to telegraph and write to you that the association by rising vote, with only three dissenters, earnestly urges the confirmation by the Senate of the action of the House of Representatives in the matter of pulp and paper, and I am sending by mail full text of minutes adopted by association.

*Resolved*, That the thanks of the American Newspaper Publishers' Association are due to the select committee appointed by the House of Representatives at the instance of Speaker Cannon to investigate the paper and pulp industry. We acknowledge our obligation to the chairman, Hon. James R. Mann, and to the members of the committee for the diligence and thoroughness and fairness of their inquiry, covering a period of 10 months. Their work has been of educational value to the paper maker and paper user.

*Resolved*, That a copy of the above resolution be forwarded by the secretary to Speaker Cannon and to the members of the select committee.

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[Recommendation of committee on paper adopted by American Newspaper Publishers' Association at meeting held in New York Apr. 28, 1910.]

To urge the adoption of the Mann bill (H. R. 12314) to encourage and promote commerce between the United States and the Dominion of Canada.

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[Resolution adopted at annual meeting of American Newspaper Publishers' Association in New York Apr. 27, 1911.]

*Resolved*, That the acts of the paper committee be heartily approved; that its work be continued upon the same efficient and aggressive lines that have characterized it, and that Messrs. Norris, Seitz, and Ridder constitute that committee. The committee is authorized to take all steps that may be necessary in its judgment to protect and further the interests of newspapers in the procurement of an adequate supply of cheap paper.

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Extracts from bulletins issued by committee on paper of American Newspaper Publishers' Association relative to Canadian reciprocity.

[Bulletin No. 2134, Feb. 10, 1910.]

#### RECIPROCITY WITH CANADA.

The Associated Ohio Dailies, an organization of 122 Ohio newspapers, met in Columbus on February 2 and passed resolutions asking Congress to take action in the matter of pulps and paper to promote reciprocal trade relations with Canada.

Notwithstanding the statements of American paper makers to Congress, the Canadian Bluebook shows that the United States sells to Canada nearly three times as much paper as Canada sells to the United States. The exact shipments of United States paper to Canada for year ended March 31, 1909, were valued at \$2,498,962, and the shipments of Canadian paper to the United States were \$990,156.

[Bulletin No. 2154, Mar. 19, 1910.]

CANADIAN SITUATION.

The situation with respect to Canadian tariff adjustments on pulp and paper is likely to be worse before it is made right. It is doubtful if President Taft will go to the extreme of allowing the maximum tariff to apply against Canada. The Mann resolution to postpone the application of the maximum tariff until January 1, 1911, may be rushed through Congress in the closing days of March to avoid the precipitation of serious business and political complications. The Dominion authorities in Canada believe the administration will not apply the maximum tariff to it. The Provinces of Quebec and Ontario are not willing to submit meekly to the retaliatory duties of \$2 per ton on print paper and \$1.67 per ton on ground wood which the Treasury Department has imposed under authority of paragraphs 406 and 409 of the Payne law. The Quebec Legislature convened on March 15. Matters relating to the prohibition of exportation of pulp wood may be submitted by the provincial authorities for approval after April 1, when the attitude of Washington shall have been made known. A definite program for the stoppage of exportation of pulp wood cut from Crown lands on September 1, 1910, has been decided upon, and nothing short of the admission of ground wood and print paper free of duty to the United States will deter action by the Province of Quebec.

Publishers have responded generally to the request that they urge the administration to arrange with Canada for a full and free supply of pulp wood to American mills in order that the American mills may continue in business, and that the manufacture of paper may not be transferred to Canada.

Publishers will be interested in the following compilation of trade interchanges with Canada to March 31, 1909:

From United States to Canada.....	\$192, 661, 360
From Canada to United States.....	92, 604, 357
<b>Total.....</b>	<b>285, 265, 717</b>

	Exports from United States to Canada.			Imports from Canada to United States
	Dutiable.	Free.	Total from United States to Canada.	
Coal.....	\$13, 411, 239	\$14, 959, 714	\$28, 370, 953	\$4, 048, 465
Metals.....	29, 146, 048	10, 945, 160	40, 091, 208	28, 803, 305
Breadstuffs and provisions.....	15, 217, 740	3, 795, 734	19, 013, 474	2, 975, 087
Cotton and manufactures.....	2, 086, 351	6, 796, 495	8, 882, 846	
Wood and manufactures of.....	2, 159, 111	6, 147, 249	8, 306, 360	29, 595, 046
Paper.....	2, 443, 189	55, 773	2, 498, 962	990, 156
Books.....	1, 487, 976	1, 052, 356	2, 540, 332	
Fruits.....	2, 452, 299	3, 581, 585	6, 033, 884	380, 870
Drugs, dyes, etc.....	1, 142, 520	4, 711, 407	5, 853, 927	1, 803, 753
Tobacco.....	144, 230	3, 196, 479	3, 340, 709	
Gutta-percha.....	683, 136	2, 409, 220	3, 092, 356	
Furs, hides, skins, and leather.....	2, 741, 986	3, 423, 330	6, 165, 316	5, 362, 236
Oils.....	2, 291, 022	1, 927, 857	4, 218, 879	152, 844
Settlers' effects.....		5, 761, 089	5, 761, 089	1, 665, 084
Animals.....	616, 802	1, 556, 541	2, 172, 343	1, 796, 992
Seeds.....	1, 909, 865	22, 182	1, 932, 047	326, 865
Electrical apparatus.....	1, 937, 371	54, 739	1, 992, 110	
Fish, etc.....	483, 817	1, 412	485, 228	4, 254, 463

[Bulletin No. 2169, Apr. 7, 1910.]

THE CANADIAN SITUATION.

In exchange for a concession by Canada of approximately \$100,000 per annum in lower duties out of a total of \$900,000 demanded by the United States to equalize our rates with the Canadian import rates granted to France and 12

other countries. President Taft proclaimed that Canada was entitled to the minimum tariff. He arranged with Minister Fielding to take up as soon as the Canadian Parliament adjourns the matter of pulp-wood supply and other matters of trade relation and amiably ignored those provisions of section 2 which fix maximum duties on countries or political subdivisions that impose export taxes or prohibit the exportation of any article to the United States. The publishers and paper makers have been aiming for two years to bring about an insurance of a full and free supply of pulp wood for American paper mills, in order that the American mills might continue in business and that print-paper production might not be transferred to Canada. The publishers sought to do this by adopting a conciliatory policy toward Canada, as recommended by the Mann committee. The paper makers attempted to bully Canada by fixing the rate at \$3.75 per ton, with retaliatory duties of \$2 per ton additional for Ontario and Quebec and with maximum duties on every article of import from Canada in case of refusal. Those bullying methods failed, and a negotiation on the basis of common interest is promised within two months. Prior to the adoption of the Payne law on August 5, 1909, the Canadians would have accepted a duty of \$2 per ton on print paper and would have insured a full and free supply of pulp wood. Now they want free paper. President Taft's grant of the minimum tariff to Canada should induce lower prices for print paper. The fact that the paper makers seem to be still disposed to pursue their antagonistic attitude toward Canada is shown by their promotion of appeals to be heard by the Board of General Appraisers on April 13 and May 11 to force the imposition of the retaliatory duty on mechanical pulp from the Provinces of Quebec and Ontario when made from wood cut on private lands.

[Bulletin No. 2180, Apr. 20, 1910.]

#### PROMPT ACTION WANTED ON PULP-WOOD SUPPLY.

The Western Pennsylvania Associated Dailies, at a meeting held in Pittsburg, April 18, 1910, adopted the following:

"Resolved, By the Western Pennsylvania Associated Dailies, that we urge upon the President and Congress such action as will immediately insure a full supply of pulp wood for American print-paper mills. Delay until next winter in the settlement of this matter means an increase in the cost of pulp wood and loss to newspapers, which must bear the burden of the added cost."

[Bulletin No. 2191, May 10, 1910.]

#### ABOLITION OF COUNTERVAILING DUTY ON PULP AND PAPER FROM QUEBEC.

The United States Treasury Department has issued a circular to collectors of customs on the Canadian border wherein it stops the further imposition of the countervailing duties of 25 cents per ton on ground wood, and 35 cents per ton on print paper heretofore levied against products of pulp wood cut from Crown lands in the Province of Quebec. So long as that Province charged a discriminatory rate on Crown land pulp wood which was exported, the countervailing duties of the new tariff law applied, but the action of the Province in prohibiting all such exportation after May 1, 1910, automatically stopped the further imposition of the countervailing duties on wood pulp, and as a result the duty on print paper from the Province of Quebec is \$3.75 per ton plus the additional, or retaliatory, duty of \$2 per ton for paper when made from wood cut on Crown lands—a total of \$5.75 per ton as against \$6.10 prior to May 1, 1910.

Thirteen thousand two hundred and fourteen tons of news-print paper were imported from Canada in the first quarter of 1910. Sixty per cent of this importation was subject to the retaliatory duty of \$5.75 per ton, because the paper was made from wood cut on Crown lands. In the month of March the importations from Canada averaged 228 tons per day.

[Bulletin 2209, June 9, 1910.]

#### CANADIAN TREATY NEGOTIATIONS.

Meanwhile, no progress seems to have been made in the treaty negotiations with Canada. President Taft led the Canadian officials to infer that he did not want to precipitate a tariff discussion by submitting a treaty at the present

session of Congress. Accordingly, the Canadian ministers planned to go abroad for the summer, and it is doubtful if any understanding in that direction can be reached until September, if then.

**UNITED STATES RELYING UPON TIMBER STOLEN FROM CANADA'S LANDS TO SUPPLY AMERICAN MILLS.**

The resources of Canada with respect to the supply of pulp wood seem to be limitless. Province of Quebec has Crown lands with a timber area, largely in spruce, of 200,000 square miles, of which only 70,000 square miles have been surveyed, and only 10,000 square miles have been divided into farm lots of 100 acres each for settlers. About 2,200 of these lots are taken up each year by so-called settlers, who have been illegally removing all the timber and then moving on to other areas. The authorities at Quebec calculate that only 5 per cent of these so-called settlers are bona fide, the others being in the category of timber thieves, who may at any time be brought to a sharp turn by the provincial authorities. It is rather a precarious situation for the paper interests of the United States that they should be dependent upon the successful theft of pulp wood under "location tickets" for an adequate supply of pulp wood to keep our paper mills going. The Government at Washington is watching this performance with complacency. If the Quebec authorities stop this shipment of stolen timber, they may, when our present supply is exhausted, precipitate a panic in the American paper mills.

[Bulletin No. 2251, Aug. 6, 1910.]

The Province of Quebec has taken its second step in the program for transferring the manufacture of print paper from the United States to Canada. Its first step was to prohibit the exportation of pulp wood cut from Crown lands after May 1, 1910. That edict was anticipated by the paper makers, who cut over a million cords prior to that date, all of which is available for exportation. The second step in the provincial plan of restriction was an order prohibiting the exportation of wood cut on "location tickets." A location ticket is taken out by intending settlers for the avowed purpose of clearing the land for settlement. Each so-called settler may take up a farm lot of 100 acres. The Quebec authorities say that 95 per cent of these locations are bogus, and are made for the purpose of cutting the wood for sale and not for settlement. The prohibition of exportation of such clearings strikes a serious blow at the American mill supply, because the bulk of that cutting—approximately 200,000 cords—has been sold and shipped to American mills. The cutting from timber limits on Crown lands of Quebec last year was 142,000 cords, to which the 200,000 cords cut on location tickets must be added, or 342,000 cords per annum prohibited.

The total exportation of pulp wood was 727,000 cords from Quebec and New Brunswick, so that when the timber now cut in the Quebec woods has been shipped the American supply will have been reduced to the extent of 47 per cent. For the present year that action of the Quebec authorities will have no effect upon paper prices. The timber cutting in advance of these prohibitions was so large that thousands upon thousands of cords of pulp wood are piled up at the various railroad sidings in Quebec, and shippers say they can find no market for it.

[Bulletin No. 2294, Oct. 18, 1919.]

Mr. Charles M. Pepper, of the Bureau of Trade Relations, at Washington, recently visited Newfoundland to ascertain possibilities with respect to reciprocal action on free pulp wood and a news-print paper supply. The reciprocity negotiation with Canada which President Taft and Minister Fielding initiated last spring will take formal shape within a few days. Free pulp wood and print paper will enter largely into that negotiation.

[Bulletin No. 2338, Dec. 24, 1910.]

**FEDERAL ACTION FOR TARIFF CHANGE ON PRINT PAPER.**

There are several phases of the movement for tariff revision on print paper:

1. Mr. James R. Mann introduced into the House of Representatives a bill providing for free print paper from those Provinces of Canada which permit



the free exportation of pulp wood to the United States. The passage of this bill would soften the price of news-print paper without the risks of a reciprocity treaty. It would require only a majority vote in each branch of Congress, whereas a treaty would require a two-thirds vote of the Senate. A reciprocity treaty is likely to be tangled up with a maze of complications relating to barley, coal, lumber, fish, and natural products, and would involve much of the log rolling of a tariff bill.

2. The reciprocity negotiation with Canada upon which a definite settlement will be attempted at Washington in January. The commercial representative of the State Department is tenaciously clinging to a duty of \$2 per ton on print paper, but the Canadians will refuse anything less than free print paper in exchange for free pulp wood. The State Department is ready to urge that the countervailing and retaliatory duties on pulp and paper be abolished.

3. The Tariff Board is studying the cost of news-print paper production. It has eight agents in the field examining the books of paper makers. Its agents will finish their field work about January 1, and possibly the board may be in position to report in time for the reciprocity negotiation. The President says he is awaiting the outcome of that inquiry.

4. If the Republican Congress at its short session, beginning December 4, 1910, and ending March 3, 1911, does not abolish the duty on news-print paper, at least from Canada, the Democrats will attempt to pass such a bill immediately after the opening of the new Congress.

5. No results have been obtained from efforts made through the Department of Justice to stop the combinations of the paper makers and to punish them for their restriction of the use of paper in violation of the Sherman law.

[Bulletin No. 2361, Jan. 28, 1911.]

#### FREE PAPER IN THE RECIPROCITY AGREEMENT.

The clause of the proposed reciprocity agreement with Canada reads as follows:

"Pulp of wood mechanically ground: pulp of wood, chemical, bleached, or unbleached; news-print paper, and other paper and paper board, manufactured from mechanical wood pulp or from chemical wood pulp, or of which such pulp is a component material of chief value, colored in the pulp, or not colored, and valued at not more than four cents per pound, not including printed or decorated wall paper, free.

"*Provided*, That such paper and board, valued at four cents per pound or less, and wood pulp, being the products of Canada, when imported therefrom directly into the United States, shall be admitted free of duty, on the condition precedent that no export duty, export license fee, or other export charge of any kind whatsoever (whether in the form of additional charge or license fee or otherwise) or any prohibition or restriction in any way of the exportation (whether by law, order, regulation, contractual relation, or otherwise), directly or indirectly, shall have been imposed upon such paper, board, or wood pulp, or the wood used in the manufacture of such paper, board, or wood pulp, or the wood pulp used in the manufacture of such paper or board.

"*Provided also*, That such wood pulp, paper, or board, being the product of the United States, shall only be admitted free of duty into Canada from the United States when such wood pulp, paper, or board, being the products of Canada, are admitted from all parts of Canada free of duty into the United States."

This draft is entirely satisfactory to publishers. It will provide for the immediate entry of print paper and wood pulp from Canada. The snarl with the Provinces of Canada has been completely avoided by an entirely new turn to the stipulations, which now follow the wood—not the Province. If wood is free from restriction, such as wood from private lands the products of that wood will come into the United States free of duty. A Province owning land holds the same relation to the Dominion Government that an ordinary land owner maintains. The Province has no power to stop the exportation of wood from private lands in that Province. Recent tariff legislation in the United States aimed to coerce Provinces of Canada to part with crown land wood and those Provinces resented such coercion. In the reciprocity arrangement, each Province can do with its own land as it pleases and can do this without affecting the immediate and free entry of paper and pulp made from wood cut on private lands in that Province. The distinction between

wood free from restriction of exportation and wood that is not free will show itself in various ways. Print paper made from wood cut on lands subject to restriction will be liable to a duty of \$5.75 per ton of paper. That duty will be prohibitory in competition with paper made from wood cut on private lands. The Provinces of Quebec and Ontario have been offering premiums and inducements for the transfer of American paper industries to Canada. Brown Bros., of Berlin Mills, N. H., recently installed a plant at La Tuque, Quebec, and propose to expand it materially. That plant depends on crown lands for its timber supply. The International Paper Co. has been flirting with the Quebec Government for similar concessions. The reciprocity clause will give no encouragement to such diversion of industry from the United States to Canada. A barrier of \$5.75 per ton on print paper will confront such products until the Quebec Government removes the prohibition. The revenues which the Province now obtains on wood cut from its crown lands and shipped in manufactured form to the United States will be diverted from the Quebec treasury to the owners of private lands. The pressure from holders of crown lands limits upon the provincial authorities for an opportunity to reach the greatest market in the world, that of the United States, will be irresistible and a diplomatic victory in the removal of restrictions will have been achieved without harshness, or coercion, or ill feeling of any sort. Each side will obtain an advantage, and that is the element of a good trade.

Care should be exercised to note that the last proviso of the paper and pulp clause relates to products of the United States admitted into Canada. It does not affect the immediate free entry of paper and pulp from Canada to the United States when made from wood cut on private lands. It means that after all the provinces shall have removed all their restrictions upon crown land woods and the United States shall no longer impose any duties upon any pulp or any paper from Canada, then Canada will reduce its duties upon the admission of United States paper and pulp into Canada.

The present output of paper in the United States is approximately 15,000 tons per day, divided as follows:

	Tons per day.
News .....	4,315
Book .....	1,900
Paper boards .....	3,300
Wrapping paper .....	2,850
Writing paper .....	1,400
Roofing and sheathing .....	610
Tissue .....	290
Hanging .....	275
Blotting .....	60
	15,000

The various kinds of paper will be affected by the proposed legislation as follows:

	Affected.	Not affected.
News.....:.....tons per day..	4,315	
Book.....do.....	1,200	700
Paper boards.....do.....	3,300	
Wrapping.....do.....	2,000	850
Writing.....do.....	200	1,200
Roofing and sheathing.....do.....	610	
Tissue.....do.....	190	100
Hanging.....do.....	275	
Blotting.....do.....	30	30
Total.....	12,120	2,880

All the Provinces of Canada produce less than 1,000 tons per day of all kinds of paper, as compared with 15,000 tons per day produced in the United States. In other words, Canada's output, if all of it were shipped to the United States, would not equal 7 per cent of the United States consumption. The paper shipments from Canada to the United States has been almost negligible. For years they averaged less than 17 tons per day of all kinds of paper. In 1908 the

American paper makers arbitrarily advanced prices to a figure which permitted the profitable importation of Canadian paper, and the importation rose in 1910 to 180 tons per day of print paper, valued at \$2,120,000 per annum. But the paper shipments from the United States to Canada, covering high grades of paper, were valued at \$2,500,000. Canada buys more paper from the United States than it sells to it. Canada has kept American mills going by annually shipping 1,000,000 cords of pulp wood, valued at \$5,000,000, and pulps valued at \$4,000,000, without which supplies our mills could not have continued the production of paper. Canada bought from the United States a total of almost \$3,500,000 worth of paper products and supplies in the year ended March 31, 1910, as follows (nearly \$6,000,000):

From United States to Canada:

Books-----	\$2, 540, 332
Sizing-----	14, 457
Alum-----	14, 989
Brimstone-----	181, 183
Caustic soda-----	67, 562
Rubber belting-----	30, 681
Printing presses-----	315, 584
Machinery for printing-----	83, 728
Types and stereotypes-----	91, 541

	3, 811, 047
Paper and manufactures of-----	2, 408, 962

	5, 810, 009
From Canada to United States, paper of all kinds-----	990, 156

Under the new arrangement American paper makers will gain a large market for their products in Canada, especially in the higher grades of paper.

The ultimate outcome of the proposed reciprocity arrangement, if ratified, will be a tendency toward the concentration of the pulp business in Canada and the conversion on this side of those pulps into paper, with great growth and advantages for each side.

[Report of committee on paper to American Newspaper Publishers' Association, Apr. 28, 1910.]

REPORT OF COMMITTEE ON PAPER.

NEW YORK, April 26, 1910.

To the President and Board of Directors, American Newspaper Publishers' Association.

GENTLEMEN: A strike in the mills of the International Paper Co. has disturbed market conditions and reduced output. Prices of news-print paper for transient needs have advanced approximately \$9 per ton within the last five weeks. Publishers are bearing the burden of this industrial warfare. The paper mills that are not affected by the strike have prevented a shortage in stock by utilizing their previously unused capacity. They have taken up all the slack there was in the trade. New production to the extent of 320 tons per day is coming upon the market. The very considerable advance in price has also diverted some paper machines from other kinds of paper to news-print paper. Some Canadian mills are paying the regular tariff of \$3.75 per ton, and the countervailing duty of 35 cents per ton and the retaliatory duty of \$2 per ton additional—a total of \$6.10 per ton in tariff dues for admission to the American market in order that they might profit by this dispute of the International Paper Co. with its employees. There is a report of an importation of news-print paper by publishers from Germany to relieve this market. Paper is also coming from Norway.

The International Paper Co. is struggling to train unskilled labor for the places of the men who have left its service to find employment in other mills. There is in this contest a point which should not be overlooked in the study of large industrial combinations. The International Paper Co. started out with the assurance that by consolidating 80 mills under one management it would

give to publishers a continuous and permanent supply, which no one mill could furnish. We have had three paper panics within three years, two of which have been due directly to the failure of that company to continually supply all of its customers. Its officers speak hopefully of their efforts to resume normal production. They claim they are turning out 60 per cent of their capacity, and say they may be running full by May 15.

#### THE TARIFF AND CANADA.

In addition to this strike disturbance, the International Paper Co. is responsible for an ugly complication with the Province of Quebec, which menaces American print-paper mills. One-half of the news-print paper produced in the United States is made from Canadian pulp wood. Twenty-three important print-paper mills depend upon the Province of Quebec for their supply. The timber rights of more than 12,000 square miles of Crown lands in that Province are owned by American paper mills. The International Paper Co. has tied up a large sum, possibly \$7,000,000, in Canadian woodlands, which investment was predicated upon a pledge made by Quebec's former premier in September, 1900, that the Province would not increase its stumpage dues for a period of 10 years. That time limit expires September 1, 1910. The International Paper Co., with full knowledge of that time limit, has built wood-preparing plants in Canada. It has dammed and improved Canadian rivers to increase its timber output. It has expended vast sums in timber tracts while adding only two machines to its paper-making equipment in the United States in a period of 12 years. The money that should have gone into the utilization of 194,000 undeveloped horsepower on American watercourses has been laid out by it in a speculation in Canadian timber areas. It has not limited itself to its needs. It has acquired rights to woodlands that can not be utilized by it within 50 years. It acquired three times the timber area that would be necessary for a perpetual supply of its present needs. Ordinarily such a concern should be disposed to conserve its own interests and those of its customers by promoting reciprocal trade relations with Canada. It took the opposite course and precipitated an international snarl. In April, 1908, the House of Representatives at Washington, as a result of the complaints of publishers against the exactions of paper makers, appointed a special committee of investigation. That committee, in a period of 10 months, under the leadership of Hon. James R. Mann, of Illinois, subjected the paper trade to a scrutiny that in all our tariff history had not been equalled for thoroughness. The committee reported unanimously in favor of free ground wood and a duty of \$2 per ton on news-print paper. The investigation carried with it a substantial pledge of good faith on the part of Congress to accept the result of that inquiry. The House of Representatives so regarded it and approved it. Canada and its Provinces were ready to accept the recommendation and to give us an unrestricted supply of pulp wood. But when the matter came to the attention of the United States Senate, Mr. Aldrich, at the instance of the International Paper Co., violated the good faith of that investigation and refused even to examine the reports of cost which the paper mills had furnished. He insisted upon a duty of \$3.75 per ton and tried to bully Canada into compliance. At the instigation of the International Paper Co., and disregarding the vast interests of the newspapers and their many employees, Mr. Aldrich undertook to force the Canadian Province to terms by a maximum tariff. That policy was subsequently abandoned, but Quebec announces that it will immediately prohibit the exportation of pulp wood cut from its Crown lands. The American paper makers say such a policy is confiscation. The Provincial authorities say, that if the United States wants Quebec to send its Crown-land wood to American paper mills without restriction, then the United States should not impose a tariff barrier upon Canadian print paper, which is the product of that pulp wood. The situation is full of menace to newspapers which must ultimately pay whatever costs are added to the raw wood while this matter remains unsettled. The International Paper Co. will probably be the heaviest loser by this proceeding, but the shortsighted management of that corporation made this outcome inevitable.

President Taft and the Canadian authorities have arranged to confer soon upon the adjustment of trade relations between the two countries, and it is barely possible that some sort of a reciprocity arrangement may be made in the summer for ratification by Congress next winter. Meanwhile, vast interests are held in suspense. The cost of paper to publishers, involving an outlay of approximately \$50,000,000 per annum, is left to the uncertain decision of

special interests in Congress. The American Newspaper Publishers' Association should urge prompt action in removing this menace. A delay until next winter will bring millions of loss to newspapers. The matter should be settled now.

The primary aims of the paper bureau during the year have been the abolition of the tariff on print paper and pulps from Canada and the insurance of a full and free supply of pulp wood from Canada.

An effort has been made through the preparation of a draft of uniform contract to establish a basis of settlement that would be acceptable to buyers of news-print paper.

Bulletins and statements have been issued as follows:

Forms of print paper contracts (No. 2133).

Weight and strength of news-print paper (No. 2095).

Press room waste report (No. 2179).

The price publishers should pay for news-print paper (Feb. 3, 1910).

Print paper mill conspiracy (Jan. 3, 1910).

Widths of rolls of daily newspapers (No. 2168).

Dates of expirations of paper contracts (No. 2184).

List of print paper mills, revised to December 7, 1909.

Data bearing on the cost of print paper production was prepared and submitted to the Tariff Board January 12, 1910.

When the International Paper Co. sent a strike notice to its customers advising them to protect themselves by buying from the mills, the paper bureau facilitated that work of covering and eased the paper market by sending a list of International Paper Co. customers with widths of rolls in each case to every considerable paper mill in the country, thereby promptly relieving the paper company from some of the pressure which might otherwise have been put upon it.

Reports have been received of new production to the extent of 320 tons in the United States and 165 in territories that affect this market. The shipment of news-print paper from Norway to Gulf ports and relief from oppressive charges of paper makers has been promoted by pointing out to foreign paper makers that the freight rates from the Baltic to Gulf States were no greater than from New York to Gulf ports.

Plans for establishing harbor mills in New York and Philadelphia are in contemplation by publishers of those cities.

Progress has been made toward a standard width of paper. One hundred and forty-five members of the American Newspaper Publishers' Association now use the 67-inch width or its divisions, or are equipped to use it in case of necessity. One hundred and fifty other newspapers have reported that they do use, or in case of necessity they could use some of those widths. Many members using sizes other than standard have incorporated in their contracts an option to go to standard.

#### TESTING.

In addition to equipping the Paper Bureau with apparatus to test the bursting strain of paper and to accurately weigh the paper upon scales corrected by Government standards, arrangements have been made with the Little Laboratory of Boston and with the electrical testing laboratories of New York City to measure the color of paper samples and to make other examination of paper samples, when required.

#### POOLS.

The Department of Justice is investigating the contracts of the paper makers, substantially all of which restrict the use to which publishers may apply their paper.

The box board paper pool, one of the parasites of the American Paper and Pulp Association, was indicted in the United States courts for restraint of trade, and its members were fined. Writs of prohibition were also issued during the year against the former members of the fiber and manila pool.

#### RECOMMENDATIONS.

The paper committee asks the American Newspaper Publishers' Association:

First. To urge the adoption of the Mann bill (H. R. 12314) to encourage and promote commerce between the United States and the Dominion of Canada.

Second. To ask the President to give print-paper consumers access to the paper-mill reports of daily production, daily shipment, and stock on hand, in order that an open market may be promoted.

The paper committee recommends the adoption of the form of uniform contract submitted by it. It suggests that members insist upon (1) a weight basis of 30 pounds for 500 sheets, measuring 24 by 36 inches; (2) that the yardage be indicated on each roll; (3) that standard colors be adopted when approved by the board of directors; (4) that standards, when approved by the board of directors, be established for effective and economical wrapping of paper rolls.

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Extracts from report of committee on paper to the American Newspaper Publishers' Association, Apr. 27, 1911, relating to

#### RECIPROCITY.

The effort started by the American Newspaper Publishers' Association in September, 1907, to secure print paper free from import duty promises results in a short time. The reciprocity agreement with Canada, which has passed the House of Representatives and which is pending in the United States Senate, will, if ratified, insure competition from unrestricted wood lands of Canada, and will remove the uncertainty that has deterred the development of print-paper mills in the United States. Ultimately, it will force a reduction from the agreed prices of the paper makers. The paper committee will continue its effort to obtain the abolition of import duty on print paper when made from free wood wherever cut. Offerings of paper from Sweden within the past year were equivalent to \$37.87 per ton cost, insurance, freight, delivered on steamship wharf at principal seaboard cities, for paper averaging 30½ pounds on the standard basis. This quotation did not cover the duty of \$3.75 per ton.

The Province of New Brunswick is following the course of other Canadian Provinces in prohibiting the exportation of pulp wood. It has fixed October 1, 1911, as the date after which no licenses shall issue for the cutting of pulp wood for exportation.

The Union Bag & Paper Co., the Berlin Mills Co., and other American paper manufacturers are building factories in Canada. It is given out that the International Paper Co. will build in Canada, tariff or no tariff.

The method adopted in the Canadian reciprocity agreement for the admission of pulps and paper free from duty when made from free wood will be helpful to consumers in exerting an economic pressure upon the Canadian Provinces and in providing an adequate supply of cheap pulp wood for American paper mills.

Announcements of new projects for pulp and paper making in the United States and Canada to the extent of 2,000 tons per day capacity, point to a revolution in the print-paper business within the next three years or, at least, to a readjustment of production. The fact that the mills in the United States average only 25 tons per day per machine while modern paper machines turn out 56 tons per day has brought about the promotion of new ventures based upon improved methods and up-to-date equipment.

Reports from various localities seem to agree that because of the slow growth of spruce wood the proposed plans of reforestation of the spruce forests are unprofitable and therefore improbable. Efforts to find a substitute for spruce wood in the production of cheap print paper continue, but thus far without success. The efforts of paper makers to stop waste in cutting and in preparing their wood and in processes of manufacture give promise of more immediate results. The report from Germany of a process for grinding wood into mechanical pulp with one-third of the power now used seems to point the way to vast possibilities in print-paper manufacture. That business is in a primi-

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#### TRADE WAR WITH CANADA OVER PRINT PAPER.

The Editorial Review for November [1909] will contain an article entitled "A trade war between the United States and Canada," by John Norris, in which he says:

"A trade war with a foreign country involving retaliatory import duties and cross retaliation is a novelty in American history. The Payne bill threw out a

challenge to all the world to give to the United States the benefit of the favored-nation rate or to stop trading with us. That threat was originally designed to force France and Germany to better terms, our yearly interchanges with those countries amounting to \$647,000,000. But the friends of the paper manufacturers among the tariff conferees were so determined to upset the arrangement recommended by the Mann committee of the House of Representatives and to force Canada to terms of complete surrender in the matter of pulp-wood supply from Canadian forests to American mills that they injected stringent phrasings into the maximum tariff clauses of the conference report in order that they might punish the Dominion if it should prove intractable. As a result they have precipitated a situation which has induced the Province of Quebec to prohibit the exportation of pulp wood. This action, if persisted in, will ultimately force the removal of many American paper mills to Canada because of the inadequate supply of pulp wood in the United States. The dangers of that retaliatory program were pointed out to Senators Aldrich and Smoot at a hearing on April 7, 1909, and they confidently asserted that they could take care of Canada when the situation arose; that they were not fit for their jobs if they could not protect American interests in that matter. The methods which they then had in mind, if indeed they had any in mind, for defeating the Canadian program will be awaited with intense concern by many interests, among which may be enumerated the newspaper publishers, who use \$50,000,000 worth of print paper annually; the users of other kinds of paper, who require \$200,000,000 worth of paper annually; the coal men, who sell \$41,000,000 worth of coal to Canada; the iron men, who sell \$38,000,000 worth of manufactured articles; and the railroads, which handle business involving an annual interchange of \$285,000,000.

The various steps thus far indicated in this new phase of international warfare may be summarized as follows:

First. A circular of the United States Treasury Department to collectors of customs, dated August 26, 1909, imposing a retaliatory duty of \$2 per ton on print paper and \$1.67 per ton on mechanically ground wood, made from wood cut on Crown lands, in the Provinces of Quebec and Ontario. This \$2 per ton duty supplemented the duty of \$3.75 per ton fixed by the Payne bill.

Second. The announcement of Premier Gouin, September 6, 1909, that the Province of Quebec would join with the Province of Ontario and prohibit the exportation of unmanufactured wood cut on Crown lands.

Third. Beginning March 31, 1910, the Payne law imposing 25 per cent ad valorem duty, or \$10,500,000 additional duty on \$42,000,000 worth of dutiable imports to the United States from the leading Provinces of Canada.

Fourth. Threat by Canada that if the maximum tariff of the Payne law is enforced, Canada will retaliate by applying its surtax act of 1903, adding one-third to duties on articles from any country which discriminates against Canada. This is equivalent to an addition of \$7,500,000 duty on articles sent from the United States to Canada.

Fifth. Canadian Manufacturers' Association, at Hamilton, Ontario, and the Montreal Board of Trade, in September, asked the Canadian Government to stop the exportation not merely of wood cut on Crown lands, but of all unmanufactured wood, whether cut on Crown lands or private lands, in all of the nine Provinces of the Dominion.

Sixth. Threat by Canada to stop importations from the United States to Canada which amount to \$187,000,000 per annum.

The amounts imposed in retaliatory duties will not measure the extent of the damage done by this warfare. Canadian paper may be entirely barred from the American market by the imposition of the maximum tariff, so that no duties will be collected, though the penalty to be paid directly by American newspapers for this congressional bullying of a neighbor will probably exceed \$15,000,000 per annum. The United States is much richer than Canada. The loss of \$192,000,000 in sales to the Dominion would involve less industrial disturbance to American producers than Canada would suffer by the loss of its American market and the sale of \$93,000,000 worth of its goods. No one can foresee the end of a trade war with Canada. Of course, such a situation can not long be maintained.

AMERICAN NEWSPAPER PUBLISHERS' ASSOCIATION,  
 WORLD BUILDING,  
 New York, March 24, 1911.

To publishers:

Will you kindly note the inclosed series of articles relating to reciprocity with Canada?

Yours, truly,

JOHN NORRIS,  
 Chairman of Committee on Paper.

[Release for publication without further notice.]

# 1

## RECIPROCITY AND THE FARMER'S HOME.

The representatives of the State Department, in negotiating the reciprocity agreement with Canada, sought to do something in the way of cheapening the cost of the farmer's home.\* Mr. Edward Hines, the representative of the lumber interests, when he appeared before the Senate Finance Committee, said he did not think there was any necessity for cheaper lumber. The contrary view was taken by the American negotiators. Lumber furnishes the most important commodity of the articles which are exempted from duty, or have the duties lowered, by the United States. Rough lumber, which is made entirely free, is, of course, the most important material in home building. The United States buys \$18,000,000 per annum and upward of this class of lumber from Canada, and the duties remitted to the American people amount to more than \$1,250,000. Planed or finished lumber is heavily reduced, as are laths and palings.

When it comes to roofing, the farmer gets the benefit whether he uses shingles, slates, or manufactures of asbestos. On all these articles the reductions are heavy, and especially on shingles.

When it comes to laying the foundation of his home, there is also a material reduction made on all classes of building stone. If cement enters into the construction, as it does in many homes, he gets the further benefit of gypsum or plaster of rock, which is made free. Gypsum now enters very largely not only into stucco work, but into ordinary Portland cement, which is used extensively.

When the farmer comes to paint his house, he has the further benefit of reduced duty on oxide of iron, which enters into paints.

# 2

## FARM-LAND VALUES AND WAGES IN CANADA AND THE UNITED STATES.

Apropos of Canadian reciprocity, the report of the Tariff Board which the President transmitted to the Senate in response to the Cummins resolution contains some mighty interesting reading regarding the relative land values and farm wages in Canada and the United States, respectively.

The actual situation is that occupied farm lands in Canada, except in the northwest, range in value as high as or higher than those along the border in the United States. "In the New England border States—Maine, New Hampshire, and Vermont—the land values fall below those in all the eastern Provinces, with the exception of New Brunswick, where the value is the same as in Vermont and slightly less than in New Hampshire and Maine."

Michigan land averages \$4 per acre lower than Ontario land, as does also Minnesota land. In Wisconsin and some of our more interior southern States, where the season is warmer and longer and the soil exceptionally fertile, the land values are higher than in our own border States, and to the same degree higher than the Canadian lands adjoining those border States. Going farther west, it appears that farm lands in Manitoba, in the 10 years just passed, have increased from an average value of \$13 per acre to an average value of \$29 per acre, or 124 per cent, while Minnesota lands have increased from \$28 to \$46, or only 77 per cent. In British Columbia the value of occupied farm lands is \$78 per acre.

Several economic facts must be noted in regard to the cheap lands of north-western Canada. In the first place, these lands are rising with almost incredible rapidity toward the United States value level. In Saskatchewan improved farm



land mounted from \$7 per acre in 1900 to \$22 per acre in 1910, or 215 per cent. In Alberta the increase was from \$7 to \$20, or 185 per cent net increase. The Canadian railways are said to be anticipating still greater augmentations in the value of these lands. In the second place, these lands grow no other crop but wheat to advantage, as is shown by the fact that agriculturists whose lands are used for mixed farming in the Canadian west are against the reciprocity agreement. As to wheat, the United States farmers are protected by the longer freight haul and by the fact that prices of wheat are largely fixed by the world's markets.

Except in the extreme east, farm labor in Canada is paid practically as well as in the United States. Wages in Manitoba and Saskatchewan are on the same general level as in Minnesota and North Dakota, being higher in both countries to the westward. Wages in Ohio and Ontario are nearly identical, the Ohio monthly wage paid to agricultural laborers being \$22.11, while in Ontario it is \$21.59. New York wages are slightly higher than those in Quebec, being \$26, while in Quebec wages are \$23.83.

tive stage.

### 3.

#### RECIPROCITY AND THE FARMER'S MARKET.

The fact that the reciprocity agreement between Canada and the United States is intended to enlarge the market for the agricultural products of the United States is sometimes lost sight of in the general discussion of the benefits arising from the improved trade relations between the two countries. But the American negotiators had the market for the farmer in view all along. The fact is that Canada is not only a growing market, but it has almost unlimited possibilities for many products of the American farmer which heretofore have had a limited sale, owing to the tariff duties.

The Canadian market is especially valuable for the products of mixed farming. The greatest opposition that has been aroused in Canada has come from the fruit and the vegetable growers. Under the new conditions which will be created when the reciprocity agreement is made effective, the United States will be certain to sell Canada very large quantities of fresh vegetables, since these articles already form an important export commodity, reaching something like \$1,000,000. This includes all classes of vegetables, from potatoes to what is generally known as garden truck. In fresh fruits the advantage is very largely in favor of the United States, and this covers every section of the country. Last year the United States sold to Canada, under various rates of duty, fresh fruits to the value of \$1,271,000, while the exports of fresh fruits from Canada to the United States were only \$233,000. It is a safe prediction that the first year after the reciprocity agreement goes into force the exports of fresh fruits to the United States will amount to \$2,000,000, while fresh vegetables will approach nearly the same figure.

The benefit which farmers who grow cotton will receive from the free listing of cottonseed oil are notable. The present duty, which is 17½ per cent ad valorem, is a heavy one, yet the figures are climbing, so that the exports to Canada of cottonseed oil, which now reaches \$1,100,000 and upward, are likely to be doubled when the duties are removed.

There is a pretty general agreement that the free listing of live stock is one of the most important features of the agreement. Secretary Wilson, of the Department of Agriculture, has explained how the western corn growers will have the opportunity to fatten Canadian cattle. But since the terms of the agreement were published it has developed that the free entry of horses on both sides of the line is going to be one of the most advantageous features. Nobody objects to this free entry, yet heretofore a heavy duty has hampered a trade which is a most important one. Out in Montana it has been found that a very great advantage will be derived by the farmers from the opportunity to drive their sheep further north during certain seasons and then bring them back across the line without the payment of duty.

The market for grass and other seeds in Canada is one which the farmers along the border are in a splendid position to supply. Clover and timothy seeds can be raised profitably in many sections, and in certain seasons, if they can be sure of a market not too far away. Canada takes much larger quantities of clover and timothy from the United States than she sends to this country, but heretofore she has levied a duty of 10 per cent on these products. They will now go in free, as will garden and field seeds generally.

Some decided advantages are derived by nurserymen under the terms of the agreement. The negotiators found that a mutual lowering of duties on grape vines, gooseberry, raspberry, and currant bushes would be beneficial to both countries, and this was done. The American negotiators, however, went further than this and persuaded the Canadian commissioners to lower the duty on horticultural stock from the United States. This includes apple, cherry, peach, pear, plum, and quince trees. Canada imports more than \$500,000 worth of these trees from this country, and under the reduced duties the importations are pretty certain to increase.

# FLORIDA.

## EFFECT OF THE PROPOSED CANADIAN RECIPROCITY.

*A free Canadian market for fresh fruits.*—Florida's famous early fruits will have free access to Canadian markets. Florida fruit growers have long recognized the value of securing even reductions in Canada's fruit tariff, and have repeatedly petitioned our State Department to attempt some relief. It was with these requests in mind that Canada was asked and prevailed upon to concede, with reluctance, not merely the reduction, but the entire abolition, of her duties on fresh fruits from the United States. Early strawberries and other berries from Florida, as well as her grapes, now encounter a duty of 2 cents per pound on entry to Canada. Peaches are taxed \$1 per 100 pounds, plums 30 cents per bushel, and melons 3 cents each. The importance of Canada's complete removal of these duties has been the subject of numerous appreciative letters from Florida to the Government. Last year the United States sold \$1,271,000 of fresh fruits to Canada, paying \$261,000 for the privilege.

*Free fresh vegetables.*—Garden produce from Florida will now find ready sale in Canada free of all tariff handicaps, reaching the Dominion many weeks before the slow-ripening northern crop matures. Early potatoes, onions, tomatoes, etc., command high prices in Quebec and Ontario cities. We sell Canada \$865,000 of fresh vegetables annually, in the face of \$242,000 duty. Potatoes are taxed 20 cents a bushel and most other vegetables 30 per cent. Florida is splendidly situated to take advantage of the removal of these duties.

*Dried or canned fruits or vegetables.*—Dried fruits, apples, pears, peaches, and apricots are made mutually free by the reciprocity agreement. On canned fruits Canada lowers her duty by one-ninth, or from 2½ cents to 2 cents per pound. On canned vegetables the rate is lowered by one-sixth, or from 1½ cents to 1¼ cents per pound.

*Cottonseed oil.*—Free cottonseed oil has been conceded by Canada. Heretofore this northern product has been dutiable at 17½ per cent on entry into the Dominion. During 1910 this country sold \$1,111,400 of cottonseed oil to Canada, paying approximately \$200,000 duty thereon. Considerable quantities of cottonseed oil are produced in Florida.

*Free fish and low-duty meats for the United States.*—Under the proposed arrangement fish of all kinds, fresh, salted, or preserved in any manner, are to be mutually free of duty. The United States imports from Canada nearly \$5,000,000 of fish annually, this being one-tenth of our total consumption. We collect about one-half million dollars duty on these imports, and this amount is, of course, added to the price our consumers pay for the fish. The rates on the principal varieties bought from Canada are three-quarters of a cent or 1 cent per pound. The removal of these duties will tend to render fish less expensive throughout the entire country, a fact of great interest to regions whose warm climate make fish a peculiarly valuable food staple.

The removal of our tariff on live animals, and the reduction of that on meats of all kinds, will help to lower the cost of meat in this country; and a State like Florida, which produces little meat of its own, will find nothing but benefit in this arrangement. Our present rates on cattle are, in general, equivalent to between 25 per cent and 30 per cent, and these will be completely done away with. Our present rates on meat range upward from 1½ cents per pound on fresh meat to 4 cents on bacon and hams.

*Free wheat and grains for the United States.*—It is proposed to allow Canadian wheat and other grain free entry into this country. While this will have no immediate effect on the price of cereal foodstuffs, it will operate to forestall an increase in their cost when our consumption shall overtake our production. Even at the present time it will steady the prices of our breadstuffs and widen the sources of our milling supply.

## GEORGIA.

## EFFECT OF THE PROPOSED CANADIAN RECIPROCITY.

*Cottonseed oil.*—Cottonseed oil will be admitted into Canada from the United States free of duty under the pending reciprocity legislation, in place of being taxed at 17½ per cent ad valorem as at present. This arrangement is of the highest interest to Georgia, which ranked second among cottonseed oil producing States in 1904 and is believed to have now overtaken Tennessee in this regard. The manufacture of cottonseed oil, etc., is among the very foremost of Georgia's industries, both as to importance and vigor. So long ago as 1904 her annual product in this industry was valued at nearly \$14,000,000.

The significance of Canada's concession of free cottonseed oil to the American producer may be measured by the fact that even in the face of the present duty this country sold \$1,114,400 worth of cottonseed oil in the Dominion in the calendar year 1910, paying approximately \$200,000 in duty thereon.

*Fresh fruits.*—Georgia's famous fruit products—peaches, melons, apples, and grapes—will enter Canada free of duty under the proposed reciprocal agreement. Since her fruits each year arrive at the marketable stage many weeks before the Canadian fruits commence to mature, Georgia will find the new arrangement a highly profitable one. The Georgia Fruit Growers' Association, realizing the value of the Canadian market, has repeatedly petitioned our Department of State to secure more favorable tariff conditions, and it was with these requests in mind that the Canadian commissioners were asked and prevailed upon to concede, with much reluctance, the removal of all duties on fresh fruits entering Canada from this country.

Peaches are at present taxed \$1 per 100 pounds by Canada, and this duty, added to the cost of transportation, has decreased the Canadian demand for Georgia peaches. The Dominion at present imposes a duty of 3 cents each upon melons, thus hampering the creation of a Canadian market for our celebrated southern watermelons. The Canadian duty on grapes, as well as on strawberries and other berries, is 2 cents per pound. Apples are taxed by Canada at 40 cents per barrel, pears at 50 cents per 100 pounds, and plums at 30 cents per bushel. The well-known high quality of Georgia's peaches, grapes, and melons will tend to gain for these products an immediate sale in Canada so soon as the tariff barriers shall be removed. Even under the present tariff status the United States sold fresh fruits to Canada to a value of \$1,271,000 during Canada's last fiscal year, paying import duties to the sum of \$261,000.

*Fresh vegetables.*—Fresh vegetables will be exempted from all duties according to the proposed reciprocity plan. This will give Georgia a larger range of markets for her early potatoes and garden produce—onions, tomatoes, sweet potatoes or yams, etc. These will find a ready sale in the Dominion before the late-ripening Canadian crops are gathered. Canada has hitherto taxed potatoes 20 cents per bushel, sweet potatoes 10 cents per bushel, and other vegetables 30 per cent ad valorem. The entire abolition of these duties will undoubtedly stimulate American exports to Canada of all kinds of fresh vegetables, and no State is better located to derive advantage from such an extension of our trade than is Georgia. Already the United States sells beyond her northern border \$865,500 worth annually of vegetables in their natural state, although the taxes collected upon these sales by Canada amount to \$242,000.

*Dried or canned fruits or vegetables.*—Dried fruits are made mutually free by the agreement. On canned fruits Canada lowers her duty by one-ninth, or from 2½ to 2 cents per pound; on canned vegetables the rate is lowered by one-sixth, or from 1½ to 1¼ cents per pound. Needless to say, Georgia should profit by these concessions.

*Hogs and hog products.*—Georgia's prominence as a swine-producing State is traditional. Her hogs exceed in total farm value those of any eastern or southern State excepting Texas, their worth being estimated on January 1, 1910, at over \$11,500,000. Under the proposed reciprocity Canada will reduce her duty on bacon, hams, salt pork, and lard by three-eighths, or from 2 cents per pound to 1¼ cents per pound. In spite of the present Canadian duties the United States exported to Canada \$3,004,000 worth of these products during the year ended March 31, 1910. Of the \$505,000 of duties collected by Canada on the above consignments, she would have remitted \$190,000 if the proposed reciprocity rates had been in force. From this showing it is evident at a glance that the Dominion's demand for American hog products is already broad and decisive, and that the proposed radical cut in her tariff rate will give our citizens a large advan-

tage in a market of demonstrated value. Canada bought bacon and hams from the United States during the period indicated above to a value of \$816,000, pork barreled in brine to a value of \$930,000, and lard to a value of \$1,348,000. In accordance with the pending legislation Canada will also allow live swine free entry, whereas they are at present dutiable at 1½ cents per pound. The benefits accruing to Georgia from these features of the agreement require no pointing out.

*Nursery stock.*—Canada has agreed to concede her intermediate rates upon nursery and horticultural stock, taxing peach trees and other fruit trees 2½ cents each in place of 8 cents each, and vines and berry bushes 17½ per cent, instead of 20 per cent. These concessions will be of value to Georgia nurserymen and growers of peach tree or vineyard stocks.

*Fish, fresh or preserved.*—Under the proposed arrangement fish of any kind, fresh, salted, or preserved in any manner, are to be mutually free of duty. Georgia's interest in procuring a cheap and abundant supply of this food staple may be predicated from the well-known suitability of fish for alimentary use in warm climates. The United States as a whole imports nearly \$5,000,000 worth of fish from Canada, this amount constituting one-tenth of our total consumption. Our present duties are three-fourths cent or one cent per pound on the principal varieties imported from the Dominion, including dried and smoked fish. The sum collected under these rates amounts to nearly one-half million dollars annually on Canadian fish. The removal of these impositions will tend to render fish less expensive throughout the entire country.

*Wheat and grains.*—Georgia's production of wheat in 1909 was valued at \$3,550,000, while the grain used by her flour mills as long ago as 1904 was worth nearly double that amount. It is thus evident that she is interested in obtaining wheat and other grains to the best advantage. Under the agreement wheat and grains of all kinds are rendered mutually duty free. This will eventually tend to keep down the price of wheat in the United States, and will greatly broaden the sources of supply for American millers.

#### ILLINOIS.

##### EFFECT OF THE PROPOSED CANADIAN RECIPROCITY.

*Lumber and wood products.*—It is proposed to admit into the United States free of duty all lumber from Canada not further manufactured than sawed. At present rough lumber is taxed \$1.25 per M feet. On planed or finished lumber the rates will also be considerably reduced.

The value of these tariff modifications to the American consumer is evident. The production of lumber in the United States which has remained nearly stationary for several years prior to 1908 decreased in the latter year to an amount less than the production in 1900. The timber resources of the Northern and Central States have been exhausted or greatly depleted; and since 1907 our exports of lumber have fallen off in spite of the rapid exploitation of our southern and far western supplies. The average price of lumber per M feet rose from \$11.08 in 1899 to \$15.37 in 1908. Meanwhile the demand for lumber has of course very greatly increased. Even under the protection at present in effect the United States imported over \$19,000,000 worth of boards, deals, and planks from Canada during our fiscal year ended June 30, 1910.

On shingles the United States has agreed to return to the Dingley rate of 30 cents per thousand, abandoning the Payne rate of 50 cents per thousand. Under this latter rate we were forced to import \$1,759,000 worth of shingles from Canada during the year indicated above.

The United States duty on laths will be reduced from 20 cents to 10 cents per 1,000 pieces. In the year ended June 30, 1910, this country imported laths from the Dominion to a value of \$1,802,000.

By the terms of the agreement the United States will admit without duty railroad ties, paving posts, and telegraph posts, etc., when imported from Canada. These articles are at present dutiable at 10 per cent, and large quantities are being imported even under this rate.

*Fencing materials.*—The American farmer will welcome the provision made by the agreement for free fencing materials. All duties are removed from fencing wire, whether barbed or not, as well as from pickets and palings for fences. At the present time fencing wires are dutiable at not less than 35 per cent and barbed wire at three-fourths cent per pound. Pickets and palings are

taxed 10 per cent. Since Canada has made considerable progress in the manufacture of wire it is probable that these alterations will have an effect upon the United States market price.

*Cream separators.*—Cream separators are to be admitted into this country free of duty when from Canada. In the separator industry also, the Canadian manufacturers have made considerable headway. Hitherto a 45 per cent duty has prevented them from attempting to offer their product to American farmers and creameries.

*Fish, fresh and preserved.*—By the pending arrangement fish of all kinds are made free of duty by both countries. The bearing of this action upon our food supply may be shown by the fact that nearly \$49,000,000 worth of fish are consumed annually in this country—one-tenth of the total, or over \$1,800,000 worth, coming from Canada. Under the present tariff the bulk of our Canadian fish are taxed at three-fourths cent or 1 cent per pound, fresh-water fish alone entering at one-fourth cent per pound. The total duties on fish entering the United States from Canada during our fiscal year 1910, amounted to nearly one-half million dollars. The removal of this tax upon a food article much used by our laboring classes will render fish at once less expensive and more abundant.

*Salt.*—Salt, which has been dutiable at our frontier at 11 cents or 7 cents per 100 pounds, according to whether imported in bulk or in packages, will be made duty free by both countries.

*Stone and roofing slate.*—Building stone and roofing slate are mutually reduced as to duty by the agreement.

*Various mineral substances.*—Coke, which has been taxed 20 per cent upon entry into this country, is made free by the reciprocity agreement. In fiscal 1910 the United States imported over \$200,000 worth of coke from Canada. Electrical machinery and stove manufacturers will benefit from the placing of mica upon our free list, the present rate being equal to slightly over 30 per cent ad valorem. The United States is dependent upon Canada for most of her mica, the domestic supply of this important material amounting to only two-fifths of the annual consumption. Free fluorspar will benefit steel manufacturers. Free talc, soda ash, and crude glycerin will be appreciated by various classes in this country.

*Canned fruit and vegetables.*—Canada is to reduce her duties by one-fourth cent per pound on these products—a concession which should be of interest to a State which produced over \$3,000,000 worth of them in 1904. Canada's imports from the United States of canned fruits and vegetables during her fiscal year 1910 amounted to approximately \$125,000.

*Pickles and sauces.*—On this item the United States is to receive the benefit of Canada's intermediate rate of 32½ per cent, in place of paying 35 per cent duty as formerly. We sold to the Dominion \$80,000 worth of pickles, sauces, etc., during the year ended March 31, 1910. Under the heading "pickles, sauces, and preserves" the 1905 census of manufactures estimates Illinois' production at nearly \$4,000,000.

*Live animals, meat, and meat products.*—Under the reciprocal legislation both countries will remove all duties on live animals. Under the Payne tariff food animals are taxed at various specific rates whose ad valorem equivalents range generally between 20 and 30 per cent. Under these rates we imported from Canada during our fiscal year 1910 nearly \$800,000 worth of food animals. The magnitude of the Canadian supply, upon which the American consumer and packer may now draw without restriction, is shown by the fact that the Dominion is able to export about \$11,500,000 worth of these animals annually.

The mutual rate on meats of all kinds will be 1½ cents per pound under the agreement. At present our rates on meat range from 1½ cents per pound on fresh meats up to 4 cents per pound on bacon and hams, and 25 per cent on other meats (salted, smoked, etc.). This reduction should tend to keep down the price of living in this country. On the other hand, the lowering of the Canadian duties, which have averaged even higher than the United States rates, will permit enlarged sales of meat products to Canada by American slaughter-house interests. These sales during the Canadian fiscal year 1910 amounted to \$2,110,000 in value and were taxed \$378,000. The remission of duties by Canada will amount to almost \$150,000. Our sales of lard to Canada amount to nearly \$1,350,000 in value annually and are taxed \$218,000, of which Canada will remit three-eighths, or \$82,000.

Aside from the benefit from free food animals and low-duty meats which Illinois consumers will share with the entire country, Illinois has an especial

interest in the reduced Canadian rates arising from her preponderant position in the packing industry.

*Cereal breakfast foods.*—Canada will remit three-tenths of her duty on this important line of manufactures, coming down from 25 to 17½ per cent. Her imports from the United States during the year ended March 31, 1910, amounted to over \$200,000 in value. Illinois's prominence in the manufacture of cereal package preparations is well known.

*Grain and flour.*—It is proposed to allow Canadian wheat and other grain free entry into this country. At present wheat is dutiable at 25 cents per bushel, oats at 15 cents per bushel, barley at 30 cents per bushel, and rye at 10 cents per bushel.

At present the United States produces sufficient wheat to possess a surplus for export, and consequently our duty on wheat does not operate to increase the price, which is fixed by the world's markets. It is generally conceded, from the course of our export statistics, however, that the wheat which is now exported will, before many years, be retained of necessity to serve as raw material for our flour and grist mills. In years of short crops, such as 1905, this condition has already occurred. Whenever the wheat so retained becomes insufficient to provide material for our flour mills, which are constructed to produce for a market larger than the home market, it will be necessary to import wheat, and at once our tax of 25 cents per bushel on wheat will raise the general price level of wheat in this country above the world price. France and Germany at the present time maintain an artificially high price level on breadstuffs in this way. It will inure greatly to the benefit of both the grain-milling interests and the consumers in the United States to anticipate and forestall such a situation by establishing relations with Canada which will virtually assimilate her grain resources with those of the United States, thus disposing of the North American surplus of grain to the best commercial advantage. Illinois's flour and grist mill products in 1904 were valued at approximately \$40,000,000.

*Staves and stave bolts.*—Of interest to flour mills and numerous other industries is the proposal to remove the present United States duty of 10 per cent on staves and the duty of 20 per cent on stave bolts. During our last fiscal year the United States imported nearly \$1,000,000 worth of these products from Canada.

*Agricultural implements.*—Canada has agreed to remove one-fourth of her duties on thrashing machines, plows, harrows, drills, horserakes, cultivators, and parts of the foregoing, when imported from the United States. These articles will be taxed by her at 15 instead of 20 per cent, while the United States rate of 15 per cent of course remains untouched. During Canada's fiscal year ended March 31, 1910, she bought the above machinery from this country to a value of \$2,836,000 and taxed it \$567,200.

On harvesters, reapers, and mowers Canada will reduce her duty by one-seventh, or from 17½ per cent to 15 per cent, the United States making no change. Our sales to Canada of harvesters, mowers, and reapers during Canadian fiscal year 1910 totaled \$518,000, and the duties levied upon them by Canada amounted to \$90,660.

Canada will lower her rates by one-fifth, or from 25 to 20 per cent, on a list of farm implements including feed cutters, fanning mills, potato diggers, and hay tedders. Imports of this machinery into the Dominion from the United States during the period just indicated were valued at nearly \$100,000, and were taxed nearly \$25,000.

The total volume of our exports of agricultural implements and parts to Canada during the calendar year 1910 was \$4,321,000. In 1904 Illinois was the leading State in the manufacture of farm tools and machinery, her output being valued at \$38,400,000.

*Farm wagons.*—Farm wagons from the United States will be admitted into Canada at a reduction of one-tenth from her former rate, which was 25 per cent ad valorem. During the Canadian fiscal year 1910, Canada imported \$218,000 worth of farm wagons from the United States. In 1905 census of manufacturers states Illinois's production of carriages and wagons at nearly \$10,000,000.

*Motor vehicles.*—Under the pending agreement Canada will reduce her duty on automobiles and parts thereof by one-seventh, or from 35 to 30 per cent ad valorem. Our own duty is reduced from 45 to 30 per cent, but inasmuch as the manufacture of motor vehicles in the Dominion is still in its incipient stages the net effect of the arrangement will be to give American manufacturers permanent control of the Canadian automobile market. During the calendar year

1910 we exported to Canada automobiles and automobile parts to a value of over \$5,000,000. Canadian statistics substantially verify this figure, although desire to decrease the duties to be paid has led to a somewhat lower evaluation. Canadian imports for the first 11 months of 1910 are stated at \$3,563,340. The duties to be remitted by Canada will thus range between \$200,000 and \$250,000 per annum.

*Watches and clocks.*—The Canadian duty on watches and clocks will be reduced by one-twelfth, or from 30 to 27½ per cent. This country found a market in Canada for nearly \$300,000 worth of timepieces during Canadian fiscal 1910. In 1904 Illinois ranked second among watch-producing States, and her prominence in this industry is a matter of common knowledge.

*Linseed or flaxseed.*—This seed furnishes the raw material for one of Illinois's most important industries, the manufacture of linseed oil. Under the agreement the United States removes her duty of 25 cents per bushel, and it is expected that our present import of \$2,641,000 will be greatly increased. The duty to be remitted amounts to over \$350,000.

*Miscellaneous.*—Other Illinois manufactures which will benefit from reduced Canadian rates include plate glass, vitrified brick, wire, brass, and confectionery.

#### MARYLAND.

##### EFFECT OF THE PROPOSED CANADIAN RECIPROCITY.

*A free Canadian market for fresh fruits.*—Maryland's renowned fruit products—cantaloupes, grapes, apples, pears, and peaches—will enter Canada free of duty under the proposed reciprocal tariff legislation. Since her fruits each year arrive at the marketable stage many weeks before the Canadian fruits commence to mature, Maryland will find the new situation a highly profitable one. Melons are at present taxed 3 cents each by the Dominion, irrespective of whether they be watermelons or muskmelons. This duty has proven almost prohibitive in the case of the smaller melon and has even operated to exclude the famous Pocomoke cantaloupes from the Canadian market. Maryland fruit growers have frequently petitioned our Department of State for relief from the Canadian tariff rates on melons and other fruits, and it was with these requests in mind that the Canadian commissioners were prevailed upon to concede, with much reluctance, the removal of all duties from fresh fruits entering Canada from this country. Grapes, as well as berries of all kinds, are now taxed 2 cents per pound by Canada. Apples sent to the Dominion are dutiable at 40 cents per barrel, peaches at \$1 per 100 pounds, pears at 50 cents per 100 pounds, and plums at 30 cents per bushel. The well-known high quality of Maryland's grapes, pears, and peaches will tend to give these products an immediate sale in Canada so soon as the tariff barriers shall be done away with. Even under the present tariff status the United States sold fresh fruits to Canada to a value of \$1,271,000 during Canada's last fiscal year, paying import duties thereon to the sum of \$261,000.

*Free fresh vegetables.*—Fresh vegetables will be exempt from duty according to the agreement. This will give Maryland a larger range of markets for her early potatoes and garden produce—onions, tomatoes, cabbages, celery, etc. These will find ready sale in Canada before the late-ripening Dominion crops are gathered. Canada has hitherto taxed potatoes 20 cents per bushel; sweet potatoes or yams, 10 cents per bushel; and other vegetables 30 per cent ad valorem. The entire abolition of these duties will undoubtedly stimulate this branch of American exports to Canada. Already we sell beyond our northern border \$865,560 worth of vegetables in their natural state each year, paying duties on them to the amount of \$242,000.

*Canned fruits and vegetables aided.*—Maryland's second industry in magnitude, according to the 1905 census of manufactures, is the canning or preserving of fruits and vegetables, her products of this nature being valued at \$13,000,000 per annum or higher. Under the proposed reciprocity plan Canada offers to reduce her rate on canned vegetables by one-sixth, or from 1½ to 1¼ cent per pound, and her rate on canned fruits by one-ninth, or from 2½ to 2 cents per pound. Needless to say these reductions will have a favorable effect upon our canned fruit and vegetable trade with the Dominion. Last year we sold Canada \$125,000 worth of canned fruits and vegetables.

*Oysters, fresh or canned, to be made free.*—Oysters and other shellfish in any state will be admitted into Canada without tariff charge if the agreement is ratified. Hitherto American canned oysters have been largely excluded from

Canada by the latter's present duties of 3 cents per pint package and 5 cents per quart package. Bulk oysters have been taxed 10 cents per gallon and oysters in the shell 25 per cent ad valorem. The removal of all duties from this characteristic Maryland product may well result in a prosperous oyster traffic with Canada.

*Fish and meats.*—Under the proposed reciprocal tariff legislation fish of all kinds, fresh or preserved, are to be made mutually free of duty. Maryland has traditionally been one of the leading fish consuming States of this country, and fish probably form a higher proportion of her food purchases than is the case in any other State. The United States imports nearly \$5,000,000 worth of fish from Canada, this amount constituting one-tenth of our total consumption. Our present duties are three-fourths cent or 1 cent per pound upon the principal varieties imported from Canada, including dried and smoked fish, and the sum collected under these rates amounts to nearly one-half million dollars annually on Canadian fish. The removal of our fish duties will tend to render this food staple at once less expensive and more abundant.

The price of meats in this country will also very probably be kept down by the lowering of the United States rates to a uniform tax of  $1\frac{1}{2}$  cents per pound, which latter is the mutual reciprocity rate. Our present duties have ranged upward from  $1\frac{1}{2}$  cents per pound on fresh meats to 4 cents per pound on bacon and hams. The removal of all duties on live animals will have a similar tendency to reduce the cost of living, while the importation of food cattle from Canada will not seriously affect the stock farming of Maryland, whose cattle are two-thirds dairy animals.

*Cream separators.*—Up to the present time a duty of 45 per cent has prevented Canadian makers of cream separators from offering their product to American farmers and creameries. Under the pending agreement this duty will be entirely taken off by the United States, and the extensive Canadian cream-separator industry will be given an opportunity to do business in this country.

*Miscellaneous.*—Bituminous coal will be dutiable on entering Canada at 45 cents instead of 53 cents per ton. Maryland and West Virginia coal fields produce a portion of the \$11,500,000 worth of bituminous coal sold annually by this country to the Canadian Provinces of Ontario and Quebec. The lowered duty should increase these sales.

Vitrified brick for paving will be taxed at  $17\frac{1}{2}$  per cent instead of  $22\frac{1}{2}$  per cent by Canada. Maryland's annual product of clay products is in the vicinity of \$2,000,000.

Sanitary fixtures entering the Dominion from this country will be dutiable at  $32\frac{1}{2}$  per cent instead of 35 per cent. Maryland produces \$3,000,000 worth of enameled ware and plumber's supplies each year.

Farm wagons, plate glass, and confectionery are other Maryland products which will be given the benefit of Canada's intermediate rates under the agreement. In the case of each of these articles there is the probability of increased business for the Maryland manufacturer, since American makers already have a well-established footing in the Canadian markets.

#### MICHIGAN.

##### INDUSTRIES AFFECTED BY THE PROPOSED CANADIAN RECIPROCITY.

*Motor vehicles.*—Under the pending agreement for reciprocal tariff legislation by the United States and Canada the latter offers to reduce her duty on automobiles and parts thereof by one-seventh, or from 35 per cent to 30 per cent ad valorem. United States export figures show that Canada purchased automobiles and automobile parts from the United States during calendar year 1910 to the value of \$5,021,043. Canadian statistics substantially confirm this statement by showing imports from the United States during the first eleven months of 1910 to have been valued at \$3,563,340—the value being stated by the importers as low as possible so as to decrease the duties to be paid. The duties to be remitted by Canada under the agreement will thus amount to over \$200,000 per annum. Inasmuch as the manufacture of motor vehicles in the Dominion is still in its incipient stages, this concession appears likely to give American manufacturers permanent control of the Canadian automobile market. Michigan's great interest in this industry is a matter of general knowledge, although no recent statistics to show her annual product will be available prior to the publication of the 1910 census of manufactures.

*Farm wagons.*—Farm wagons from the United States will be admitted into Canada at a reduction of one-tenth from her former rate, which was 25 per



cent of the value of the wagon. During Canadian fiscal year ending March 31, 1910, Canada imported \$218,000 worth of farm wagons from the United States. The manufacture of wagons and carriages is Michigan's eighth manufacturing industry, her annual output being valued at over \$12,000,000 by the 1905 census of manufactures.

*Agricultural implements.*—Canada has agreed to remove one-fourth of her duties on thrashing machines, plows, harrows, drills, horserakes, cultivators, and parts of the foregoing, when imported from the United States. These articles will be taxed by her at 15 per cent instead of 20 per cent. During Canada's fiscal year ended March 31, 1910, she bought the above machinery from this country to a value of \$2,836,000, and taxed it \$567,200.

On harvesters, reapers, and mowers Canada will reduce her duty by one-seventh, or from 17½ per cent to 15 per cent. Our sales to Canada of harvesters, mowers, and reapers during the fiscal year ended March 31, 1910, totaled \$518,000, and the duties levied upon them by Canada were \$90,660.

Canada will lower her rates by one-fifth, or from 25 per cent to 20 per cent, on a list of farm implements including feed cutters, fanning mills, potato diggers, and hay tedders. Imports of this machinery into the Dominion from the United States during the period just indicated were valued at approximately \$100,000, and were taxed at nearly \$25,000.

The total volume of our exports of agricultural implements and parts to Canada during calendar year 1910 was \$1,321,000. Michigan ranks fifth among the States manufacturing farm tools and machinery, her product being not far from \$10,000,000 annually.

*Cement.*—Portland cement from this country will be admitted into Canada under the agreement at 11 cents per 100 pounds instead of 12½ cents per 100 pounds. The latter rate, which is now in force, excluded all but \$50,000 worth of American cement from Canada in Canadian fiscal year 1910. During calendar year 1908 Michigan's output of cement was valued at \$2,500,000, her position among the cement-producing States being sixth.

*Cereal breakfast foods.*—Canada will remit three-tenths of her duty on this important line of manufactures, coming down from 25 per cent to 17½ per cent. Her imports from the United States during the year ended March 31, 1910, amounted to over \$200,000 in value. Michigan's prominence in the manufacture of cereal package preparations is well known.

*Canned fruit or vegetables.*—Canada is to reduce her duties by one-fourth cent per pound on these products, a concession which should be of interest to a State which produced nearly \$2,000,000 worth of them in 1904. Canada's imports from the United States of fruits or vegetables preserved in tin packages were valued approximately \$125,000 during the Canadian fiscal year ended March 31, 1910.

*Fresh fruits or vegetables.*—These products will be mutually free under the pending arrangement. During Canadian fiscal year 1910 the Dominion imported fresh fruits from the United States to a value of \$1,270,000, taxing them \$280,000. The Canadian duty on peaches has been \$1 per 100 pounds, and berries, 2 cents per pound. Canada's imports of fresh vegetables from the United States in the year indicated were valued at \$866,000, and the duties levied upon them totaled \$242,400. The Dominion at present taxes potatoes 20 cents per bushel, and other fresh vegetables 30 per cent. As a State with large agricultural sections, in close proximity to the Canadian markets, these tariff alterations should be of great value to Michigan.

*Salt.*—It is proposed to make salt mutually duty free. At present Canada taxes it at 7½ cents, or 5 cents per 100 pounds, according to whether it be in bulk or in packages. Her imports of both kinds of salt amounted to \$82,000 in her fiscal year 1910, and were taxed nearly \$20,000. In 1908 Michigan headed the list of salt-producing States, her output being valued at nearly \$2,500,000.

*Confectionery.*—Under the pending agreement Canada gives to this country her intermediate rate on confectionery, sweet pastry, etc., lowering the duty from 35 per cent to 32½ per cent. She imported from this country in Canadian fiscal year 1910, \$181,000 worth of the above articles, taxing it \$46,000. Michigan's output of confectionery in 1904 was valued at nearly \$2,000,000.

*Pickles and sauces.*—On this item, as on confectionery, the United States is to receive the benefit of Canada's intermediate rate of 32½ per cent in place of paying 35 per cent duty as formerly. We sold to the Dominion \$90,000 worth of pickles, sauces, etc., during the year ended March 31, 1910. Under the head-

ing. "Pickles, sauces, and preserves," the 1905 census of manufactures estimates Michigan's production at \$2,000,000.

*Meat and meat products.*—Under the reciprocal legislation both countries will remove all duties on live animals. Under the Payne tariff, food animals are taxed at various specific rates upon entry into the United States, the ad valorem equivalents ranging between 20 per cent and 30 per cent ad valorem. Under these rates we imported during the year ended June 30, 1910, approximately \$800,000 worth of these animals from Canada; and the magnitude of the Canadian supply upon which the American consumer may now draw without restriction is shown by the fact that the Dominion is able to export about \$11,500,000 worth of food animals annually.

The mutual rate on meats of all kinds will be 1½ cents per pound under the agreement. At present our rates on meats range from 1½ cents per pound on fresh meats up to 4 cents per pound on bacon and hams and 25 per cent on other meats (salted, smoked, etc.). This reduction in the tariff protection accorded to meats should tend to keep down the cost of living in the United States. On the other hand, the lowering of the Canadian duties, which have averaged higher than the United States rates, will permit our slaughterhouse interests to enlarge their sales to Canada. These sales in Canadian fiscal year 1910 amounted to \$2,110,000 in value and were taxed \$378,000. The remission of duties by Canada will amount to almost \$150,000. These figures exclude our sales of lard and lard compounds to the Dominion.

Aside from the benefit from free food animals and low-duty meats which Michigan consumers will share with the entire country, she has an especial interest in the reduced Canadian rates. Her slaughtering and meat-packing product is given by the 1905 census of manufactures at \$5,200,000.

*Rough lumber.*—It is proposed to admit into the United States free of duty all lumber from Canada not further manufactured than sawed. On planed or finished lumber the rates will be reduced. From having held first place among the lumber-producing States in 1900 Michigan had, in 1908, fallen to sixth place, producing less than 1,500,000 M feet. On the other hand, her furniture and planing and finishing mill industries have prospered. The furniture manufactories should profit considerably by obtaining hardwood lumber to some extent from Canada more cheaply; while free raw material will compensate the planing and finishing mills for the reduced duties on their products.

*Grain and flour.*—It is proposed to allow Canadian wheat and other grain free entry into this country. At present wheat is dutiable at 25 cents per bushel, oats at 15 cents per bushel, barley at 30 cents per bushel, and rye at 10 cents per bushel.

At the present time the United States produces sufficient wheat to possess a surplus for export, and consequently our duty on wheat does not operate to increase the price, which is fixed by the world's markets. It is generally conceded from the course of our export statistics, however, that the wheat which is now exported will before many years be retained, of necessity, to serve as raw material for our flour and grist mills. In years of short crops, such as 1905, this condition has already occurred. Whenever the wheat so retained becomes insufficient to provide material for our flour mills, which are constructed with a view to producing for a larger market than the home market, our tariff tax of 25 cents per bushel will at once raise the general price level of wheat in this country above the world price, since it will then be necessary to import wheat. France and Germany at the present time maintain an artificially high price level on grains in this way. It will inure greatly to the benefit of both the grain-milling interests and the consumers in the United States to anticipate and forestall such a situation by establishing relations with Canada which will virtually assimilate her grain resources with those of the United States, thus disposing of the North American surplus of grain to the best commercial advantage. Incidentally such flour mills in Michigan as are now grinding spring wheat for the export trade will be enabled to supplement the available American supply, now coming from the spring-wheat States, by the hard spring wheat of the Canadian northwest.

Michigan's general interest in the grain-milling industry may be measured by the fact that her mills use \$25,000,000 worth of grains annually.

*Staves and stave bolts.*—Of interest to the flour mills and numerous other industries is the proposal to admit staves and stave bolts free of duty. Staves have hitherto been dutiable at 10 per cent and stave bolts at 20 per cent, and

during the last fiscal year the United States imported almost precisely \$1,000,000 worth from Canada.

#### MINNESOTA.

##### PRODUCTS AND INDUSTRIES BENEFITED BY THE PROPOSED CANADIAN RECIPROCITY.

*Wheat and wheat flour.*—Flour milling is Minnesota's leading industry. The value of the output of her mills, according to the census of 1905, was \$122,000,000. The Canadian agreement places wheat on the free list, which is now dutiable at 25 cents per bushel on importation into the United States. This will serve to divert much of the wheat of the Canadian northwest to the mills of Minnesota, there to be ground into flour for export. Canada reduces her duty on wheat flour from 60 cents per barrel to 50 cents per barrel, which should include our exports to Canada of wheat flour, which amounted last year to more than a half million dollars.

*Fresh vegetables and fruits.*—Fresh vegetables and fruits are placed on the free list by the proposed reciprocal agreement. Canada's present rate of duty upon potatoes is 20 cents per bushel and upon other vegetables averages about 30 per cent ad valorem. Two cents per pound is Canada's general rate on fresh fruits, apples being taxed 40 cents per barrel. Canada imported from the United States in the fiscal year 1910 fresh fruits and vegetables to the value of \$2,137,000, on which Canada collected more than \$500,000 in duties. The removal of all duties on these products affords Minnesota, on account of her nearness to and direct rail connection with Winnipeg and other western Canadian markets, a most favorable opportunity to increase her exports of garden and orchard produce.

*Seeds.*—Flaxseed or linseed are now dutiable on importation into the United States at 25 cents per bushel. The placing of flaxseed on the free list would increase Minnesota's available supply of raw material for her important linseed-oil industry, whose product in 1905 was valued at more than \$7,000,000. Grass seed, including timothy and clover seed, as also all other garden and field seeds which Canada formerly taxed at 10 per cent ad valorem, are to be made free of duty by the reciprocal agreement. The importance of this concession is shown by the fact that Canada imported more than \$1,000,000 worth of seeds from the United States in the fiscal year ended March 31, 1910, on which she levied duties aggregating \$100,000.

*Agricultural implements.*—Under the proposed agreement agricultural machinery, when imported from the United States into Canada, will be taxed at 15 per cent or 20 per cent ad valorem, instead of at 17½ per cent, 20 per cent, and 25 per cent as at present. This concession should prove of especial value to Minnesota on account of her nearness to the farming districts of western Canada. Agricultural implements were manufactured in Minnesota in 1905 to the value of nearly \$3,000,000, of which about \$400,000 worth were exported to Canada.

*Lumber.*—The reciprocal agreement places timber, ordinary sawed lumber, wooden staves, paving posts, railroad ties, telephone poles, etc., upon the free list, while the duty is materially reduced on planed or finished lumber and laths and shingles when imported from Canada. For a number of years the timber of Minnesota has been heavily drawn upon and the supply greatly depleted, but the output is still large, being in excess of \$33,000,000, according to the census of 1905. Free rough lumber from Canada will serve at once to conserve a portion of Minnesota's rapidly diminishing supply of timber, and will afford a cheap and abundant supply to be utilized in Minnesota's planing mills, furniture factories, and cooperage establishments. The effect of the heavy reductions in duty on all lumber schedules and the ease with which it can be brought across the Canadian frontier will at once have its effect on prices, which have been steadily advancing in recent years. The placing of staves and stave bolts on the free list, which were formerly dutiable at 10 per cent and 20 per cent ad valorem, respectively, should prove an important concession to Wisconsin's flour-milling industry, which used flour barrels to the value of more than \$1,500,000 in 1905.

*Fish.*—The reciprocal agreement places fish of all kinds on the free list. This provision is most important to Minnesota, whose people are largely of Scandinavian origin, fish forming one of the leading articles of their diet. Minnesota's production of fish is not only inadequate to her consumption, but American fishermen are no longer able to supply the home demand for food

fish. In the fiscal year 1910 fish were imported from Canada to the value of \$4,829,000. When it is considered that in the same year Canada exported fish and fish products to a value of nearly \$16,000,000, it is evident that an increasing proportion of our importations of food fish can be obtained from the Dominion. The removal of the duty on fresh-water fish should give an added impetus to the neighboring lake fisheries and serve to enlarge and cheapen Minnesota's supply of trout, whitefish, bass, pickeral, etc. The removal of the duties on salt-water fish, ranging from one-fourth cent per pound to 1 cent per pound, will materially reduce the price of food fish to the consumer, and this without in the least injuring any industry of the State.

#### NEBRASKA.

#### BENEFITS ACCRUING TO THE STATE OF NEBRASKA BY THE PROPOSED RECIPROCITY AGREEMENT.

*Lumber and timber products.*—The reciprocal agreement places timber, ordinary sawed lumber, wooden staves, paving posts, railroad ties, telephone, electric light, and trolley poles, and pickets and palings on the free list. The United States further agrees to cut the present duty on laths of 20 cents per 1,000 pieces in half, and reduce the duty on shingles from 50 cents to 30 cents per 1,000. On all lumber planed or finished the present duties are reduced by \$1.25 per thousand feet. The State of Nebraska produces no lumber of commercial importance, hence these sweeping reductions in duty on all grades of lumber and timber should prove of the greatest value to the State. The United States found it to its advantage to import lumber from Canada in the fiscal year 1910 to the value of nearly \$24,000,000 with the present duties in force. If the heavy reductions in duty become effective, this amount could be increased almost indefinitely, as Canada is probably the richest country in the world in its resources of timber and area of forest. The Dominion statistician has estimated the area of standing timber to be more than a million and a quarter square miles. As Nebraska is now compelled to purchase all the lumber necessary for her industries and building construction outside of the State, the proposed reductions in duty can but redound to the advantage of all interests within the State, with no industry adversely affected.

*Fish.*—The proposed reciprocal agreement places fish of all kinds, fresh or prepared in any manner, on the free list. This provision should be of material importance to the State of Nebraska, inasmuch as only a negligible quantity of fish is obtained from the waters within the State. The nutritive value of fish as an article of food has been long recognized, and their consumption in the United States is rapidly increasing. It is estimated that fish to the value of nearly \$50,000,000 are annually consumed in the United States. The imports of fish and fish products have practically doubled during the last decade, amounting to \$13,836,000 in the fiscal year 1910. This clearly indicates that American fishermen are no longer able to supply the home demand for fish. In the same year our imports of fish from Canada were valued at \$4,829,000, or nearly 35 per cent of our total imports. Canada possesses not only the most extensive, but also the most abundantly stocked commercial fishing waters in the world, and is fully equipped to materially increase her exports to the United States and doubtless will do so with the better market resulting from free fish.

*Wire fencing.*—Barbed fencing wire and galvanized iron or steel wire of Nos. 9, 12, and 13 gauge are to be admitted into the United States from Canada free of duty in lieu of the present rate of three-fourths of a cent a pound on the former and 1½ cents per pound on the latter. This concession should prove of great value to the farming and stock-raising interests of the State, as Canada is already a considerable producer of wire fencing, and with the removal of the present high duties it is believed that Canada will be a sufficiently strong competitor in United States markets to reduce the price of this farm necessity.

#### NORTH CAROLINA.

#### PRODUCTS BENEFITED BY THE PROPOSED CANADIAN RECIPROCITY.

Cottonseed oil will enter Canada from the United States free of duty under the pending reciprocity legislation. It is at present taxed by Canada at the rate of 17½ per cent ad valorem. The value of Canada's concession of free cottonseed oil may be measured by the fact that in the calendar year 1910 we

exported to Canada \$1,111,443 of cottonseed oil, on which she collected approximately \$195,000 in duties. The concession is of interest to North Carolina since the manufacture of cottonseed oil, etc., ranks among her leading half dozen industries, according to the United States census of manufactures of 1905, which states North Carolina's output of the oil at 6,269,082 gallons valued at \$1,800,950.

Fresh vegetables and fruits are made free by Canada under the agreement when imported from the United States. Her rate upon potatoes has been 20 cents per bushel, and upon most other vegetables 30 per cent ad valorem. Upon fresh fruits her general rate has been 2 cents per pound, apples being taxed 40 cents per barrel. During the year ended March 31, 1910, the United States shipped to Canada fresh fruits and vegetables aggregating \$2,137,000 in value, which were taxed more than \$500,000 by Canada. The removal of all restrictive duties by Canada on this class of importations offers a large opportunity for North Carolina's early potatoes and garden or orchard produce. North Carolina produced \$1,498,000 of potatoes during the calendar year 1909.

Oysters in any state will be admitted by Canada free of duty when from this country. Heretofore canned oysters have been taxed 3 cents per package when in pint tins and 5 cents per package when in quart tins, and these rates have been well-nigh prohibitive. North Carolina put up \$177,000 of canned oysters in 1905.

Peanuts are to enter Canada from the United States at one-fourth of the present duties if unshelled, or at one-third of the present duties if shelled. Canada imported about \$85,000 of unshelled peanuts from the United States in the year ended March 31, 1910, and about \$41,000 of shelled peanuts. She collected approximately \$40,000 more in duties on this characteristic North Carolina product than if the pending reciprocity had been in force. In place of 2 cents per pound on unshelled peanuts Canada will levy only one-half a cent per pound, and in place of 3 cents per pound on shelled peanuts she will levy but 1 cent per pound.

Farm wagons from the United States will be admitted into Canada at a reduction of 10 per cent from her former rate, which was one-fourth of the value of the wagon. During Canadian fiscal year 1910 Canada purchased \$218,000 worth of farm wagons from the United States. North Carolina might compete for a portion of this business, inasmuch as her manufactures of wagons and carriages in 1905 were valued at \$2,304,000.

#### OHIO.

#### PRODUCTS AND INDUSTRIES BENEFITED BY THE PROPOSED AGREEMENT WITH CANADA.

*Wheat and wheat flour.*—Under the proposed agreement wheat will be admitted free of duty. At present it is taxed 25 cents per bushel when imported into the United States. This rate is practically prohibitive. The value of the output of Ohio's flour mills was more than \$40,000,000 in 1905. Not enough wheat is grown within the State to supply these mills. The nearness to the wheat fields of the Northwest and the cheapness of water transportation will open up to Ohio millers a supply of raw material whose abundance is shown by the fact that Canada had a surplus of wheat for export of \$52,600,000 in the fiscal year 1910. Canada also agrees to reduce the duty on wheat flour by 16½ per cent. This should be sufficient to give the Ohio millers an increased share of the flour trade in neighboring Canadian markets.

*Agricultural implements.*—Canada agrees to reduce the duties all along the line on American agricultural implements and machinery. The duty is to be reduced on plows, harrows, drills, horserakes, cultivators, and thrashing machines by 25 per cent; on harvesters, reapers, mowers, and parts thereof by 14½ per cent; and on hay loaders, potato diggers, fodder or feed cutters, grain crushers, hay tedders, etc., by 20 per cent. The value of these reductions to American agricultural machinery manufacturers is shown by the fact that Canada imported from the United States in the fiscal year 1910 farm machinery to the value of \$5,327,000, upon which nearly \$1,000,000 in duties were collected. The value of the output of Ohio's 71 agricultural-implement factories, according to the census of 1905, was nearly \$13,000,000. This shows that Ohio is in a position to secure her share of the increased sales resulting from these material reductions in duty.

*Farm wagons.*—Ohio takes first rank among the States in the manufacture of carriages and vehicles, the value of the output being in excess of \$16,000,000,

according to the latest census of manufactures. Farm wagons are to be admitted into Canada from the United States at a reduction of 10 per cent from the present rate, which is 25 per cent ad valorem. Canada imported from the United States 5,879 farm wagons, valued at \$217,670, in the fiscal year 1910. The reduced duty will give Ohio an added advantage in the Canadian markets over those she now possesses due to geographical location and the importance of her vehicle industry.

*Automobiles, and parts of.*—The proposed reciprocal rate on automobiles and parts thereof will be 30 per cent ad valorem in lieu of the tax of 35 per cent which Canada now imposes, or a net reduction of 14½ per cent. The automobile industry of Canada is negligible, and fully 90 per cent of her imports of motor vehicles come from the United States. The importance of this concession of 14½ per cent to American manufacturers is evidenced by the fact that automobiles valued at more than \$5,000,000 were exported from the United States to Canada during the calendar year 1910; hence this reduction on Canada's part means a remission of customs duties of approximately \$250,000. That Ohio will reap a great deal of the benefit of this reduction is shown by the fact that automobiles were manufactured within the State to the value of \$6,358,000, according to the census of manufactures of 1905.

*Lumber.*—The reciprocal agreement places timber, ordinary sawed lumber, wooden staves, paving posts, railroad ties, telephone poles, etc., upon the free list, while the duty is materially reduced on planed or finished lumber and laths and shingles when imported from Canada. This should prove a most valuable concession to the State of Ohio, inasmuch as Ohio's supply of timber is now inadequate for her own needs. According to the census of manufactures of 1905, the value of Ohio's lumber output was about \$12,500,000. In the same year the value of the finished product turned out by Ohio's planing mills was \$17,726,000; furniture factories, \$13,323,000; cooperage, \$3,435,000; wooden packing boxes, \$2,632,000; woodenwares, turned and carved, \$2,214,000; or a total of nearly \$40,000,000, exclusive of the amount of wood used in the important vehicle industry and for other industrial and construction purposes. This shows to what a large extent Ohio is dependent upon outside sources for her necessary supply of timber and how valuable to the manufacturing interests and to building construction these sweeping reductions in duty on Canadian timber will prove. The United States found it to its advantage to import lumber from Canada in the fiscal year 1910 to the value of nearly \$24,000,000, with the present duties in force. Ohio is in a position to secure the maximum benefit from the reductions in duty in the lumber schedules.

*Live animals and meat products.*—The reciprocal agreement abolishes all customs duties on live animals. The United States now taxes imported cattle at rates averaging 27½ per cent ad valorem, swine at \$1.50 each, and sheep at 75 cents or \$1.50 each. The placing of all live animals on the free list should prove of great benefit to the meat-packing industry of the State. Canada exported cattle during the fiscal year 1910 to the value of \$11,000,000. With the removal of all restrictive duties this amount could be largely increased. Fresh and refrigerated meats upon which Canada now imposes a duty of 3 cents per pound are to be admitted at 1½ cents per pound; all dried, salted, smoked, or preserved meats, including hams and bacons, are to be admitted into Canada at 1½ cents per pound in lieu of the present rate of 2 cents; lard and lard compounds, cottolene, and animal stearin also obtain a reduction in duties of three-fourths of a cent per pound; canned meats and canned poultry and meat extracts are to be admitted at reductions of more than one-fourth of the present rate, which is 27½ per cent ad valorem. Canada imported from the United States in the fiscal year 1910 meat products valued at more than \$3,500,000. The value of meat and meat products turned out by Ohio establishments was nearly \$30,000,000 according to the census of manufactures of 1905. The State of Ohio should obtain a double advantage by the reduction in duty on meat products, first, the gain of the meat-packing industry in an enlarged Canadian market for meat products; second, the gain to the consumer of cheaper meat brought about by the free importation of cattle and other live animals from Canada.

*Coal.*—Ohio takes fourth rank among the coal-producing States of the United States, the value of the output of its coal mines in the year 1908 being nearly \$28,000,000. Canada agrees to reduce her present duty on bituminous coal from 53 cents per ton to 45 cents a ton. The importance of this concession to American coal interests is evidenced by the fact that Canada imported bitu-

minous coal from the United States in the fiscal year 1910 to the value of \$11,441,000, on which more than \$3,000,000 in duties was collected. This reduction of 8 cents per ton on coal will mean a sacrifice of more than \$455,000 in customs revenue on the part of Canada. Ohio, on account of her nearness to the industrial section of Canada and the cheapness of water transportation, should benefit materially by this reduction in duty.

*Grindstones.*—About 85 per cent of the grindstones produced in the United States are quarried and manufactured in the State of Ohio, the value of the output in 1907 being \$784,000. Canada produces only about \$50,000 worth of grindstones annually, localized almost entirely in the Provinces of New Brunswick and Nova Scotia. This makes Ohio the logical point of supply for central and western Canada. The agreement provides for a reduction in duty on Canada's part from 15 per cent or 25 per cent ad valorem to 5 cents per 100 pounds, which is a reduction of about 40 per cent from the present duties on the heavier stones and 65 per cent on the others.

*Vitrified paving blocks, etc.*—Of especial interest to Ohio, on account of the importance of the industry in the State, is the proposed reduction by Canada of the duty on vitrified paving blocks by more than 20 per cent. The duty on ordinary paving blocks of stone is also reduced by Canada to the extent of 12½ per cent. In the fiscal year 1910 Canada imported paving blocks from the United States to the value of approximately \$75,000. Ohio should also profit by Canada's reduction on roofing slates from 75 cents per 100 square feet to 55 cents per 100 square feet, and the reduction on building stone amounting to one-sixth of the present duty.

*Various raw materials for manufactures.*—The United States is to admit Canadian aluminum in a crude form at 5 cents per pound instead of the present rate of 7 cents per pound; the duty on aluminum plates, sheets, bars, and rods is also reduced from 11 cents to 8 cents per pound. The United States imported aluminum from Canada in the fiscal year 1910 to the value of \$625,476. The proposed reductions will mean a saving in duty of \$53,502. Mica, so essential to Ohio's stove industry, now dutiable at 5 cents per pound and 20 per cent ad valorem if crude, or 10 cents per pound and 20 per cent ad valorem if ground or bolted, is to be admitted duty free from Canada. Fluorspar, necessary to the manufacture of certain grades of steel, which is now taxed on importation into the United States at the rate of \$3 per ton, is to enter under the agreement free of duty. The manufacture of gypsum wall plaster is one of Ohio's important industries. The removal of the present duty of 30 cents per ton on crude gypsum imported from Canada should be of great benefit to this industry, in view of the fact that the United States imported in the fiscal year 1910 crude gypsum from Canada valued at \$404,880, upon which more than \$100,000 was collected in duties. Other raw materials to be placed on the free list which are important from the standpoint of Ohio's industries are feldspar, crude glycerin; talc, ground, bolted, or precipitated; sulphate of soda, soda ash, and extract of hemlock bark. The duty on asbestos manufactures of all kinds has been materially reduced.

*Various Ohio manufactured products to profit by the agreement.*—Rolled iron or steel sheet or plates, No. 14 gauge or thinner, whether galvanized, coated with zinc, tin, or other metal, or not, will, under the agreement, be admitted into Canada from the United States free of duty, in lieu of the present tax of 5 per cent ad valorem. In view of the great importance of the iron and steel industry in Ohio this should prove a most valuable concession. Crucible cast-steel wire and typecasting and typesetting machines are also to be admitted into Canada from the United States duty free, instead of the present rate of 5 per cent ad valorem on the former and 20 per cent ad valorem on the latter. Canada also proposes to reduce by 8½ per cent her present rate of duty on household cutlery.

#### VERMONT.

##### EFFECT OF THE PROPOSED CANADIAN RECIPROCITY.

*Fish and meats.*—Under the proposed reciprocal tariff legislation fish of all kinds, fresh or preserved, are to be made mutually free of duty. The United States imports nearly \$5,000,000 worth of fish from Canada, this constituting one-tenth of our entire consumption. Our present duties are three-fourths of 1 cent per pound upon the principal varieties purchased from Canada, and the sum collected under these rates amounts to nearly one-half million dollars annually on Canadian fish. The removal of this tax upon a food much used by

large classes of our population would render fish at once less expensive and more abundant.

The price of meat in this country will also very probably be kept down by the lowering of our tariff rates on fresh meat from  $1\frac{1}{2}$  cents to  $1\frac{1}{4}$  cents per pound, and on preserved or smoked meats from 25 per cent to  $1\frac{1}{4}$  cents per pound. The removal of our duties on live animals will have a similar tendency. Although Vermont cattle are mainly dairy stock, it may be mentioned that, so far as either country profits more than the other by the arrangement in regard to meats, the United States has the advantage, since Canada reduces her duties more than this country. Her present rate on fresh meats is 3 cents per pound and on other meats 2 cents per pound; while the reciprocal rate is to be  $1\frac{1}{4}$  cents per pound.

*Live animals.*—By the terms of the pending agreement live animals will be exempt from duty upon entrance into either country. This will not only affect the cost of living, as indicated above, but will be of great convenience to the American farmer in selling stock beyond the Canadian border or making purchases there for his own establishment in this country. Our present rates on cattle and horses are in general equivalent to 27 or 28 per cent ad valorem, while Canada's rate is 25 per cent. We at present tax swine and sheep \$1.50 each, Canada's rates being 25 per cent for sheep and  $1\frac{1}{4}$  cents per pound for swine.

*Hay, straw, oats, and salt.*—Under the present high United States duty on hay and straw Vermont has very frequently suffered severely, in years of crop shortage, from inability to procure cattle forage from Canada. Hay is taxed \$4 per long ton by the Payne tariff and straw \$1.50 per long ton. These duties are to be entirely abolished as to Canadian hay and straw under the agreement, thus permitting farmers to supply the needs of their stock to the best advantage in seasons when the American production of hay and straw is inadequate. The mutual removal of all duties on oats will operate similarly. Oats have been dutiable at 15 cents per bushel when entering the United States and at 10 cents per bushel when entering Canada. Salt is also made mutually duty free.

*Fresh vegetables and fruits.*—It is proposed to make fresh vegetables and fruits free of duty between the parties to the agreement. This will greatly facilitate border traffic and will extend the markets of each producer. The United States enjoys a general advantage in latitude, although the climate of Vermont is not greatly warmer than that of southern Canada. Fluctuations in the American prices of farm produce will be lessened by the enlargement of the supply and the market. Most vegetables are at present taxed at 25 per cent by the United States and at 30 per cent by the Dominion. Potatoes have been dutiable at 25 cents per bushel upon entry into this country and at 20 cents per bushel upon entry into Canada.

*Nursery stock.*—Canada has agreed to concede her intermediate rates upon nursery and horticultural stock, taxing fruit trees  $2\frac{1}{2}$  cents each in place of 3 cents each and vines and berry bushes  $1\frac{1}{4}$  per cent instead of 20 per cent. While these rates remain higher than those in force in this country, the concession should be of much value to Vermont nurserymen and fruit-tree growers.

*Fencing materials.*—All American duties are to be removed from fencing wire, whether barbed or not, as well as from pickets and pallings for fences. Our present duty on fencing wire is not less than 35 per cent and on barbed wire three-fourths of 1 cent per pound. Pickets and pallings are taxed at 10 per cent. The wire industry is well advanced in Canada, and the competition of Dominion manufacturers may well affect the American market price of wire fencing.

*Cream separators.*—Up to the present time a 45 per cent duty has prevented Canadian manufacturers of cream separators from offering their product to American farmers and creameries. Under the pending agreement this duty will be entirely done away with by the United States, and the extensive Canadian cream separator industry will be given an opportunity to do business in this country.

*Grain and flour.*—It is proposed to allow Canadian wheat and other grain free entry into this country. This will be of special benefit to Vermont, whose production of wheat is next to the lowest among American States, but whose flour and milling interests are large. In 1909 Vermont produced but \$30,000 worth of wheat, while as long ago as 1904 her flour and grist mill products were valued at over \$3,200,000. Free raw material for this industry should prove most acceptable to Vermont. It is not to be anticipated that the free



entry of Canadian wheat will lower the price of that article in the United States immediately, since that price is fixed by the world's markets so long as we produce a surplus. Our production is increasing less rapidly than our consumption, however, and the assimilation of the Canadian supply with our own will obviate the creation of an artificially protected high price level in the United States at the time when importation shall become necessary. In the meantime mutual free exchange of grains between this country and Canada will prove of great convenience to both parties.

At present wheat is dutiable by the United States at 25 cents per bushel, oats at 15 cents per bushel, barley at 30 cents per bushel, and rye at 10 cents per bushel. Canada now taxes wheat 12 cents per bushel, oats 10 cents per bushel, barley 15 cents per bushel, and rye 10 cents per bushel.

A mutual rate of 50 cents per barrel on wheat flour is established by the reciprocity agreement. Although the United States makes a greater reduction than Canada, it is believed that the American mills have superior facilities, sufficient when joined to the proposed benefit of free raw material, to easily meet any competition likely to arise from the Canadian millers. In this connection it may be stated that our present duty of 10 per cent on staves will be removed by the agreement, together with the duty of 20 per cent on stove bolts. This will aid all manufacturers who utilize barrels in marketing their products.

*Lumber and wood products.*—It is proposed to admit into the United States free of duty all lumber not further manufactured than sawed, which class of lumber is at present taxed \$1.25 per M feet. On planed or finished lumber the rates will be considerably reduced.

The value of these tariff modifications to the American consumer is evident. The production of lumber in the United States, which had remained nearly stationary for several years prior to 1908, decreased in the latter year to an amount less than the production in 1900. The timber resources of our northern and central States have been exhausted or greatly depleted, and, since 1907, our exports of lumber have fallen off in spite of the rapid exploitation of our southern and far western supplies. The average price of lumber per M feet rose from \$11.08 in 1899 to \$15.37 in 1908. Meanwhile the demand for lumber has of course very greatly increased. Even under the protection at present in effect the United States imported over \$19,000,000 worth of boards, deals, and planks from Canada during our fiscal year ended June 30, 1910.

On shingles the United States has consented to return to the Dingley tariff rate of 30 cents per 1,000, abandoning the Payne tariff rate of 50 cents per 1,000. Even under this latter rate we were forced to import \$1,759,000 worth of shingles from Canada during the year indicated above.

The United States duty on laths will be reduced from 20 cents to 10 cents per 1,000 pieces. In the year ended June 30, 1910, this country imported laths from the Dominion to a value of \$1,802,000.

By the terms of the agreement the United States will admit without duty railroad ties, paving posts, and telegraph poles, etc., when imported from Canada. These articles are at present dutiable at 10 per cent, and large quantities are being imported even under this rate.

## WISCONSIN.

### PRODUCTS AND INDUSTRIES BENEFITED BY THE PROPOSED CANADIAN RECIPROCITY.

*Agricultural implements.*—This is one of Wisconsin's leading industries. The value of the output from Wisconsin's 52 factories was more than \$10,000,000, according to the census of manufactures of 1905. Under the agreement agricultural machinery when exported into Canada will be taxed at 15 per cent, or 20 per cent ad valorem, instead of at 17½ per cent, 20 per cent, or 25 per cent, as at present. The importance of this concession may be gathered from the fact that Canada imported from the United States in the fiscal year 1910 farm machinery to the value of \$5,327,000. Wisconsin, on account of her nearness to the great Canadian northwest, should secure a large share of the increased sales resulting from these material reductions in duty.

Farm wagons are to be admitted into Canada from the United States at a reduction of 10 per cent from the present rate, which is 25 per cent ad valorem. Canada imported from the United States in the fiscal year 1910, 5,379 such wagons, valued at \$217,670. This should prove a valuable concession to Wis-

consin's carriage and wagon industry, whose product, according to the last census of manufactures, was valued at more than \$7,500,000.

*Wheat and wheat flour.*—The proposed agreement provides for the free entry of Canadian wheat into the United States. The present tax of 25 cents per bushel is prohibitive. This will render available to the extensive milling interests of Wisconsin a new and practically unlimited source of supply. The potential value of this reduction in duty to Wisconsin milling interests is shown by the fact that the value of the output of Wisconsin's flour mills is about \$30,000,000 annually, and wheat is produced within the State only to the value of \$3,245,000. Canada also reduces her duty on wheat flour by 16½ per cent. This should serve to increase our exports to Canada of the finished product, which during the past year amounted to more than a half million dollars.

*Live animals and meat products.*—The proposed reciprocal agreement places all live animals on the free list. The United States now taxes all cattle imported at rates averaging 27½ per cent of their value, swine at \$1.50, and sheep at 75 cents or \$1.50 each. These sweeping reductions in duty should prove of great moment to the packing industry of the State. It offers at once a cheaper and more abundant source of supply. The possibilities of Canada as a source of supply is shown by the fact that Canada exported during the fiscal year 1910 live cattle to the value of nearly \$11,000,000. The agreement also provides for substantial reductions in all meat products. Fresh and refrigerated meats, upon which Canada now imposes a duty of 3 cents per pound, are to be admitted at 1½ cents per pound; all dried, salted, smoked, or preserved meats (including hams and bacons) are to be admitted into Canada at 1½ cents per per pound in lieu of the present rate of 2 cents per pound; lard and lard compounds, cottolene, cottolene stearine, and animal stearine also obtain a reduction in duties of three-fourths of a cent per pound; canned meats and canned poultry and meat extracts, now dutiable on importation into Canada at 27½ per cent ad valorem, will be admitted at 20 per cent. Canada imported from the United States in the fiscal year 1910 meat products valued at more than \$3,500,000. The value of Wisconsin's output of meat products was more than \$16,000,000 in 1905, according to the census of manufactures. On account of her nearness to Canadian markets the State should receive no little benefit from the sweeping reductions in duty made upon meat products.

*Canned fruits and canned vegetables.*—By the terms of the agreement, Canada will reduce the duty on canned fruits from 2½ cents per pound to 2 cents, and on canned vegetables from 1½ cents a pound to 1½ cents. The canning industry of Wisconsin is becoming very important. According to the last census of manufactures the output of Wisconsin's canneries was valued at nearly \$3,000,000. The reduction in duty should enable Wisconsin to sell an increased amount of canned goods in the neighboring Canadian markets.

Senator HEYBURN. Some of the committee would like to inquire of Mr. Ridder in regard to some of the matters. I will submit some preliminary inquiries. Have you sent out to the newspapers, or the editors of newspapers, any instructions with reference to the attitude that was to be taken by the papers of the country in regard to this reciprocity treaty?

Mr. RIDDER. I urged upon the papers that they favor the reciprocity agreement.

Senator HEYBURN. Did you suggest to any of them that they should confine their expressions of views or news items to those in the interest of the treaty?

Mr. RIDDER. I did not.

Senator HEYBURN. Did you send out a letter from New York on February 17?

Mr. RIDDER. Yes; I know the letter; I sent that out.

Senator HEYBURN. You sent that to the—

Mr. RIDDER. Publishers of all the members of the association.

Senator HEYBURN. Did you send it to the Montreal Star?

Mr. RIDDER. Yes; we sent it to them.

Senator CULLOM. I should like to have the letter read.

Senator HEYBURN. In connection with this testimony the communication reads:

NEW YORK, February 17.

By request, private to editors.

It is of vital importance to the newspapers that their Washington correspondents be instructed to treat favorably the Canadian reciprocity agreement, because print paper and wood pulp are made free of duty by this agreement.

HERMAN RIDDER,

*President American Newspaper Publishers' Association.*

You signed that as president of the American Newspaper Publishers' Association?

Mr. RIDDER. That is correct, Senator.

Senator HEYBURN. Now, on January 24, 1911, did you send the following letter:

NEW YORK, January 24, 1911.

MY DEAR MR. WILLIAMS: For your confidential information, I take pleasure in advising you that the negotiations of the United States Government with Canada provide for the admission of print paper and wood pulp free of duty when made from wood cut on private lands or free from restrictions of exportation.

If ratified by Congress, this arrangement will immediately and automatically insure a full supply of print paper free of duty, and will exert a pressure upon the provincial authorities which will ultimately force them to remove their restrictions on exportation of pulp wood. The advance thus far made is a matter for mutual congratulation among members of the association.

Yours, faithfully,

HERMAN RIDDER, *President.*

Where did you get that information?

Mr. RIDDER. What information?

Senator HEYBURN. The information that the negotiations of the United States with Canada providing for the treaty had been concluded.

Mr. RIDDER. From Mr. Norris.

Senator HEYBURN. Prior to January 24, 1911?

Mr. RIDDER. I had it before I sent out the letter.

Senator HEYBURN. How long had you had the information from Mr. Norris?

Mr. RIDDER. I think I sent out the letter at once.

Senator HEYBURN. The same day?

Mr. RIDDER. Within a few days.

Senator HEYBURN. Do you think you had this information as much as a week before January 24, 1911?

Mr. RIDDER. I doubt that.

Senator HEYBURN. Can you, by casting your mind back, be a little more accurate as to the time you received that information?

Mr. RIDDER. I could not.

Senator HEYBURN. Is Mr. Norris here?

Mr. RIDDER. Mr. Norris is here.

Senator HEYBURN. Do you know where Mr. Norris got this information?

Mr. RIDDER. I do not.

Senator HEYBURN. Or how he got it?

Mr. RIDDER. I do not.

Senator HEYBURN. Or where he got it?

Mr. RIDDER. I do not.

Senator HEYBURN. You discussed it with Mr. Norris, did you?

Mr. RIDDER. There was not much discussion. He informed me of this, and I immediately notified the members.

Senator HEYBURN. Did he bring this information to you at New York?

Mr. RIDDER. He may have done that, or he may have written to me from Washington. I can not tell you.

Senator HEYBURN. You can not say whether you have a letter from Mr. Norris giving this information or not?

Mr. RIDDER. I got the information from him.

Senator HEYBURN. You retain your letters, do you?

Mr. RIDDER. They are all filed with the association.

Senator HEYBURN. Could you produce this letter, if there was one?

Mr. RIDDER. I could not. If I had had any idea it would be required I certainly would have tried to get it.

Senator HEYBURN. On the 27th of January you sent out a letter addressed to the publishers, Mr. Ridder?

Mr. RIDDER. Yes, sir.

Senator HEYBURN. Urging upon the members of your association, through publication and by letter, the utmost importance to the newspapers of this reciprocity arrangement?

Mr. RIDDER. Yes, sir, Senator.

Senator HEYBURN. Is a copy of that among the papers here?

Mr. RIDDER. Yes, sir; and a copy of many others of a similar character.

Senator HEYBURN. Do you give the instructions that are sent out to your representatives throughout the country as to the tone of their articles and the character of support that they give to matters of public importance?

Mr. RIDDER. I do not.

Senator HEYBURN. Who does?

Mr. RIDDER. No one does.

Senator HEYBURN. They have no instructions?

Mr. RIDDER. No, sir.

Senator HEYBURN. These letters that are just offered here instruct them that "it is of vital importance to the newspapers that their Washington correspondents be instructed to treat favorably the Canadian reciprocity agreement."

Mr. RIDDER. I did not advise them to instruct the newspapers; I advised them to instruct their correspondents. I simply gave them this information that it would be wise to instruct their correspondents.

Senator HEYBURN. On January 27 you addressed a letter or circular to publishers—

Mr. RIDDER. Yes, sir.

Senator HEYBURN. And signed it as president?

Mr. RIDDER. Yes, Senator.

Senator HEYBURN. In which you say—

TO THE PUBLISHERS: The reciprocity arrangement which has just been negotiated by representatives of the United States and Canadian Governments provides

for the admission of news-print paper and wood pulp free of duty from Canada when made from wood cut on private lands or wood free from restrictions of exportation. Congress and the Canadian Parliament must ratify it before it can become effective.

Users of print paper have a direct and immediate interest in securing this relief from combinations of paper makers which have been taxing publishers to the extent of \$5,000,000 per annum. Free print paper from Canada should reduce print paper prices promptly and materially. The reciprocity arrangement is urged also on the broad lines of conserving our forests and of removing a tax upon knowledge.

Will you not promptly communicate with your Senators and Representatives in Congress and urge favorable action?

You sent that out to the publishers?

Mr. RIDDER. I sent that out to the publishers.

Senator HEYBURN. What was the purpose in sending that out?

Mr. RIDDER. My purpose was to bring all the support I could to this measure, so it would become a law.

Senator HEYBURN. That is, it was your purpose to create a combined influence representing the publishers of the country that should lobby with the Representatives in Congress in favor of this legislation?

Mr. RIDDER. No, sir; my idea was that every American citizen has a right to approach his Senator and Representatives and urge his views upon them, and it was in that sense I sent it out.

Senator HEYBURN. You concede that right to all men, do you?

Mr. RIDDER. I do. I did it openly; there was nothing concealed about it.

Senator HEYBURN. You concede the right to Allan & Graham which you claim for yourselves?

Mr. RIDDER. I concede the same right to any other American citizen that I ask for myself.

Senator WILLIAMS. You have not heard of it being disputed, except as to publishers?

Mr. RIDDER. It was true and is true to-day.

Senator CLARK. Mr. Ridder, I will confess I am a little bit surprised at this letter of yours of February 17. I had supposed that the press was to be used to give an unbiased account to the country at large and to their readers of what occurred here at the seat of government, and present the true situation of affairs. Now, it seems to me—I may be mistaken—that your letter of February 17 to these papers, about which you have spoken, intimates that that ought not to be the case. In other words, it seems to intimate that this matter is of such supreme importance that it should only be treated in one way by the correspondents here, no matter what the facts might be that they found, because it says: "It is of vital importance to the newspapers that their Washington correspondents be instructed to treat favorably the Canadian reciprocity agreement." I may not have the right idea, but it seems to me that that is an effort to create public opinion against what might be the real condition of affairs as it exists here.

Mr. RIDDER. Do you want me to answer that, Senator?

Senator CLARK. Yes; I want to get your view of this communication which you sent at that time; and I also want to get your view

of whether you think it is advisable to create public opinion in that way.

Mr. RIDDER. I think I have a right to urge my views upon those who are associated with me in business, especially if I believe that that is for the general interest of the whole people. I believe the reciprocity agreement is a very good measure, and I would favor that of itself, even if I was not interested in the newspapers.

Senator CLARK. You are of the opinion, then, that the end, in that case at least, would justify the means.

Mr. RIDDER. No; I would never take any dishonest way to accomplish a good purpose. That is not my record.

Senator CLARK. If you were the publisher of a great paper, and your correspondent found a certain condition of affairs existed at the Capitol, as the publisher of that paper would you think it was treating the purchasers and readers of your paper quite candidly and fairly if you instructed your correspondents here to pursue a certain course?

Mr. RIDDER. You are going to the extreme in that, because—

Senator CLARK. I tried not to go any further—

Mr. RIDDER. Of course we have to go by facts. I am not a poet, and I never talk anything from a poetical standpoint. The facts are that every correspondent and member of the news service has given both sides of this matter to the press.

Senator McCUMBER. That is absolutely unfounded, and I want this record to state it. These reports have not given both sides.

Senator CLARK. I had supposed that the function of the newspaper correspondent, especially at the seat of Government, was to give an unbiased statement of affairs as they appeared to him to exist. Would not this telegram, or this letter—whatever it is—indicate that that rule, if it be a rule, was being broken down, and that the correspondents here were instructed only to report those things that were favorable to the bill?

Mr. RIDDER. I do not agree with you, Senator.

Senator CLARK (reading):

It is of vital importance to the newspapers—

Senator BAILEY. Not to the country?

Senator CLARK. No; not to the country—

that their Washington correspondents be instructed to treat favorably the Canadian reciprocity agreement.

Now, your correspondents, then, were not acting up to their duty to the public, but were urged to act up to the selfish interests of the newspapers. Is not that it?

Mr. RIDDER. I do not agree with you.

Senator CLARK. Then what does this mean: "Because print paper and wood pulp are made free of duty by this agreement"? Is not that a direction to the correspondents of the newspapers that they lay aside their duty to their public and exercise their privileges and their rights and their duties here in the financial interest of the newspapers themselves, because print paper and wood pulp are to be made free of duty?

Mr. RIDDER. No, sir.

Senator CLARK. In other words, were they to act as purveyors of news to the public or were they to act in the interest of the news-

papers? That is what I want to get at in connection with this particular dispatch, or letter, or whatever it is.

MR. RIDDER. You ask me to answer yes or no, and that is very difficult; but if you will allow me to take a few minutes I will explain why.

SENATOR CLARK. Certainly; take all the time you want.

MR. RIDDER. Put yourself in my place for a few moments and imagine that you had been held up by a combination; that the representatives of the paper mill with whom you had the most pleasant relationship in the world came into your office in 1907 and sat down and said to you, "You want paper next year. Remember, your contract is not out for some months." And he then tells you, "If you want paper you must make the contract right away;" and then he fixes your price, and you have to pay that. When you remember that this interest is represented here in Washington and that they are using all their influence and all their power to continue this condition of legally robbing us, then, of course, I hope force is justified in taking some action to let it be known what the situation is.

SENATOR CLARK. But, Mr. Ridder, what has that to do with the instructions to the newspaper correspondents to send out only those things that are favorable to the newspapers?

MR. RIDDER. That I did not do, and the records will show that that never was done.

SENATOR CLARK. Just wait a moment. I have not a very acute understanding, but I do think I know the English language when I see it. "It is of vital importance to the newspapers that their Washington correspondents be instructed to treat favorably the Canadian reciprocity agreement." If that means anything, Mr. Ridder, it means exactly what it says, and it could not be better said to carry out its meaning by the greatest master of English that ever lived. It means that these newspaper correspondents are to be instructed to treat favorably the reciprocity agreement, whether right or wrong, and the reason for it is given here: "Because print paper and wood pulp are made free of duty by this agreement." I confess that I can not see any purpose in that except the purpose that these correspondents are to be instructed to do exactly what the wording of this indicates, no matter what comes out here.

SENATOR STONE. I would like to make an inquiry at this point. I would like to know whether these gentlemen have been brought down here to be lectured?

SENATOR CLARK. I object to this right now. I asked Mr. Ridder a question.

SENATOR STONE. You made a speech of very considerable length.

SENATOR CLARK. Mr. Ridder made a speech in answer to my question.

SENATOR STONE. He has not said a word in answer to it. I interposed before he had a chance to say anything. I wanted to know whether these gentlemen have been brought down here to be lectured, and the Senator from Wyoming makes a speech, a very considerable and a very handsome speech, as his speeches always are.

SENATOR CLARK. I thank the venerable Senator.

SENATOR STONE. If the men are brought here to give information, you ought to ask them a question and let them answer, and not make a speech and undertake to interpret things they have said. That

can be done on the floor of the Senate. This is not the proper forum for that. I think Mr. Ridder is abundantly able to take care of himself.

Senator CLARK. That occurred to me also.

Senator STONE. But I do not think that is the right line of examining witnesses.

Senator CLARK. I am obliged to the Senator for his suggestion. Now, Mr. Ridder, if it did not mean that, what did it mean?

Mr. RIDDER. If it did not mean what?

Senator CLARK. If it did not mean that they were to make a favorable report about matters concerning this reciprocity here at the Capitol, what did it mean?

Mr. RIDDER. Of course, Senator—

Senator CLARK. I will just expand my question a little. Were they to be left free to give their views for the benefit of your readers on things as they found them actually appearing here, or were they to color their statements in favor of reciprocity?

Mr. RIDDER. Senator, my difficulty with you is, that if I were sending a telegram to you—if you were a newspaper man—I could use perhaps different language, and I would convey it in a different way so that you would understand exactly what I mean.

Senator CLARK. You would not intimate that my comprehension was less acute than that of your correspondents?

Mr. RIDDER. I think you gentlemen all know a thousand times more than I do, and when I come here I find out how little I do know. Sending that to the newspapers, I, as president of the association, sent that to an organization that was being robbed of millions and millions of dollars by illegal combinations who were fighting us here, who were using all their political influence to defeat this and continue to bleed us year by year; and, so, in telegraphing to a newspaper man I know, as he knows and every newspaper man knows, that no newspaper publisher allows another one to dictate to him what should be done. As president of the association, in giving this information to the members who support this association, I pointed out this general situation. That in no way conveyed any idea that he would have news sent contrary to the truth.

Of course the underlying thought with me was this: The influence and power in Washington against this measure by protected interests is so great that I wanted really to prevent any representative of a paper from going in the other direction because of this influence. You may ask me, Are the newspaper men all honest? They are all honest; that is right, but, for instance, you take a Republican paper that has been a high tariff paper. It might be necessary there to point out to the publisher that this measure would be a good one, and he might let his Washington correspondent know that it was not necessary to continue in the extremely wild way that he has during the past 15 years, and that this is a thing which ought to be treated in a temperate way. That is, the real idea was to have a fair hearing for this thing and not have it made a kind of form or policy.

Senator BAILEY. Do you think, Mr. Ridder, these Republican papers would be very fair when their own interests were involved, notwithstanding the fact that for 15 years they have been helping to bleed all the consumers of the country?



Mr. RIDDER. You know I was unanimously elected three times president of our association, and I would not criticize a member of it.

Senator BAILEY. That may be a proper sense of delicacy, but I am obliged to you for the statement you put in the record.

Senator CLARK. I do not object to it.

Mr. RIDDER. It is simply to have fair play; to have an opportunity for a fair hearing.

Senator BAILEY. Your appeal for fair play never produced any effect on their minds, however, until it reached their pockets.

Mr. RIDDER. I am a Cleveland Democrat, and I am in favor of taking the tariff off of everything.

Senator BAILEY. If you would just say you are a Democrat, I would understand; but, here is what I wanted to ask you, Mr. Ridder, and what interests me. I infer that you think print paper is sold by a trust?

Mr. RIDDER. I know it is.

Senator BAILEY. Has your association ever reported that to the Attorney General's office?

Mr. RIDDER. My friend, if you knew the time I have spent with the Attorney General—why, I had 52 paper makers indicted in New York, and they were not only proven guilty, but came in and admitted they were guilty and paid a fine of \$2,000 apiece, which was the maximum, because they had a combination, and one of these men of one of these concerns pleaded guilty. The vice president of the International Paper Co. swore before your committee, or before the Mann committee, that there was no trust or any combination in any line of the paper business; and yet the members of this combination had to report to him once a month the whole business.

Senator WILLIAMS. He had pleaded guilty to being a member of the trust?

Mr. RIDDER. He had denied it before the committee. The paper makers came in and denied that they knew each other, and indicated that they would require an introduction if they met in the hotel. And these men had come together and put the price of paper up on me from 2 cents to 2½ cents, and I could not buy paper anywhere. Nowhere could I get paper. It was a mere incident.

Senator WILLIAMS. Was this man one of the men who paid the \$2,000.

Mr. RIDDER. Yes. He swore before the committee that there was a combination, and one of these concerns that was indicted was a part of the International Paper Co.

Senator BAILEY. You say he pleaded guilty and paid \$2,000 fine?

Mr. RIDDER. Yes; 50 of them.

Senator BAILEY. I wonder if that plea of guilty was ever transmitted to the district attorney and laid before the grand jury?

Mr. RIDDER. This was in New York. [Laughter.] If I would take time, Senator, to tell you that story, it would take the whole day, the whole week. I started in alone in the beginning to remedy this, and I went to the President, and I went to Mr. Bonaparte, and I presented these facts, and I was referred to New York.

Senator WILLIAMS. Mr. Bonaparte was then Attorney General?

Mr. RIDDER. Mr. Bonaparte was then Attorney General. That was in 1907.

Senator BAILEY. I can hardly understand how these men could acquit themselves in the conscientious discharge of their duty, if these persons acknowledged their guilt and paid their fines merely as a penalty and then continued it. I could understand how the Attorney General for a first offense might consider a fine a sufficient deterrent, but if in spite of that fine these men continued this unlawful combination, it would look to me like they ought to be put in the penitentiary.

Mr. RIDDER. You see legally we were not able to prove it on the white-paper trust, but we proved it on this other, the subsidiary organization, making other kinds of paper. Mr. Waller, who was the vice president of the International Paper Co., came before the Mann committee and swore that there was no combination of any kind on any kind of paper, and when they pleaded guilty in court the paper showed that they reported to him once a month, and that when he said that he knew there was a combination. And there is a combination on white paper also; the difficulty is to prove it legally.

Senator SMOOT. You say the mere reporting of certain facts about the paper market constitutes a combination?

Mr. RIDDER. They had a combination; each one reported every month its transactions with the others. There was a combination, and the proof was so strong that these men did not even defend themselves in court, and pleaded guilty.

Senator SMOOT. Do you think that if the newspapers of this country reported to Mr. Norris once a month there would be a combination on their part?

Mr. RIDDER. If they limited the output and divided the profits, yes; that would be a combination.

Senator CLARK. Now, to get back to the facts we were speaking about. Was this sent by wire or by letter?

Mr. RIDDER. By wire.

Senator CLARK. You say in the beginning, "By request, private to editors." I suppose that "by request" is a request to the telegraph company that it be private to editors. What is the significance of the term "by request"?

Mr. RIDDER. You see, I wanted this to go to the owner of the paper; not to the editorial department. He would use his own judgment in giving it out. I did not give instructions to anybody. I did not give it to our own Washington correspondent.

Senator GALLINGER. It was not necessary, probably.

Mr. RIDDER. Thank God, it was not; no.

Senator CLARK. This is a very concise, a very admirable dispatch.

Mr. RIDDER. Well written?

Senator CLARK. Well written, indeed, to accomplish the purpose which it occurs to me was intended. It says, "They be instructed to treat favorably this Canadian reciprocity agreement."

Mr. RIDDER. Yes.

Senator CLARK. What does "treat favorably" mean?

Mr. RIDDER. I explained to you before, and I repeat it again, because there is only one explanation——

Senator CLARK. I do not care anything about this explanation of the Paper Trust.

Mr. RIDDER. It was against the Paper Trust; that is just what it was against—a combination that was squeezing the life out of us.

Senator CLARK. What were they to do in order to injure the Paper Trust?

Mr. RIDDER. They were not to do anything but to give Mr. Taft in this undertaking all the support they could. There was no request that they should suppress facts.

Senator CLARK. Was this "favorable treatment" by the correspondents to their papers for the purpose of bracing up the President?

Mr. RIDDER. No; he did not need it.

Senator CLARK. You said something about Mr. Taft.

Mr. RIDDER. I did not say to give Mr. Taft personal support, and of course I did not take the expression that way.

Senator BAILEY. A case where Cleveland Democrats were helping a Republican President.

Mr. RIDDER. I have done worse things than that.

Senator BAILEY. That is pretty bad.

Senator CLARK. What I want to get at, Mr. Ridder, and I am sure that I am not so dense but what you can understand, is this: Just what did you intend when you said that the correspondents were to be instructed to "treat favorably?" What did you mean by treating favorably?

Mr. RIDDER. Fairly. It did not mean that the newspaper correspondent should suppress the truth; that he should not send the facts.

Senator CLARK. Did it mean that he should color the facts favorably?

Mr. RIDDER. No.

Senator CLARK. Then, what is the significance?

Mr. RIDDER. The significance is this: That this communication, addressed to Democratic papers, was unnecessary, because they were in favor of it. It was simply to point out to the Republicans that this would be a good time for them to modify their extreme tariff views and follow Mr. Taft in the line of improvement. That was the idea. The Democratic papers, being in favor of reducing the tariff, did not require any intimation at all.

Senator CLARK. To whom was this sent?

Mr. RIDDER. To the publisher of every paper in the association.

Senator CLARK. Democratic and Republican?

Mr. RIDDER. All of them, of course.

Senator GALLINGER. Foreign and domestic?

Mr. RIDDER. No; United States and Canada.

Senator GALLINGER. Yes.

Senator CLARK. That does not fully explain it to me, Mr. Ridder. You said there was no necessity for sending this to the Democratic papers?

Mr. RIDDER. Yes.

Senator CLARK. Why did you send it to them? To make them more "all right?"

Mr. RIDDER. Oh, no; if we sent it to newspapers we would have to send it to all. Mr. Taft has made a great advance in the interests of the country by negotiating this reciprocity agreement, and I did not want that advance on his part killed by the extreme protectionists, and I wanted to point out to them—

Senator CLARK. Why did you not want it killed?

Mr. RIDDER. Reciprocity?

Senator CLARK. Yes.

Mr. RIDDER. Because I am in favor of reciprocity. I would be in favor of reciprocity even if I were not affected myself.

Senator CLARK. Was it because print paper and wood pulp were made free by this agreement?

Mr. RIDDER. That is not the only reason; that is not the dominant reason.

Senator CLARK. I am asking with regard to this dispatch. The only reason you give in the dispatch is because print paper—

Mr. RIDDER. That was not the only reason; I could not send a whole book in a telegram.

Senator CLARK. You brought it to their attention in those words?

Mr. RIDDER. Yes; that is all right. It was doing the same thing that Mr. Taft is to-day trying to do; to make the Republicans in the Senate vote for him on this measure; he is using the same arguments that I used.

Senator CLARK. I want to correct you right there. Mr. Taft has never made an argument to me. You are imputing something to the President of the United States that is not true. Mr. Taft has never, by telegram, or by urging the upholding of his administration, or anything of the sort, attempted to influence my vote.

Mr. RIDDER. He has done it in public speeches; he did it Saturday night.

Senator CLARK. But I was not there.

Senator WILLIAMS. I want to ask you a few questions. This reads, "It is of vital importance to the newspapers that the Washington correspondents be instructed to treat favorably the Canadian reciprocity agreement?"

Mr. RIDDER. Yes, sir.

Senator WILLIAMS. The language is, "To treat favorably the Canadian reciprocity agreement."

Mr. RIDDER. As a whole.

Senator WILLIAMS. If you had a correspondent at Washington and you were in favor of the election of a given ticket, or some man at the head of it as a candidate for President, and you instructed your correspondent to treat that candidacy favorably, would you mean by that that he must either torture or suppress facts in order to do it?

Mr. RIDDER. Certainly not.

Senator WILLIAMS. You would mean by that that you expected the support of the paper to go to that candidacy?

Mr. RIDDER. Yes; although when you speak of an individual it is a little more acute than this measure.

Senator WILLIAMS. I notice you follow this by making an appeal because print paper and wood pulp are made free by this agreement?

Mr. RIDDER. Yes, sir.

Senator WILLIAMS. Have you ever heard anybody arguing for or against this treaty, appearing here before this committee, who did not urge some pocketbook reason for or against it?

Mr. RIDDER. You see, as president of the association, it was my duty to look after that particular interest.

Senator WILLIAMS. Here is the question I want to ask you, Mr. Ridder; I asked this question: Have you ever heard of anybody appearing in this hearing who did not urge either that the treaty be

defeated or that the treaty be enacted, one way or the other, except because of some business interest that he more or less represented?

Mr. RIDDER. I can frankly say here, whether you believe me or not, if I did not believe this would be best for the whole country—

Senator WILLIAMS. That may be true; I believe it is true, because I know you and have known you for a long time. But the question I want to ask is this: Suppose it was the only reason for the newspaper men trying to make this agreement a law, would they be in any worse fix than the lumber men and the cattlemen and the wheat men and the wood-pulp and paper men who come here to ask us to defeat it because they say that if it is defeated it will keep in their pockets money which they are now making?

Mr. RIDDER. Yes; and they are composing a trust which is using this tariff law to make us pay more than the normal price, and we are up against that combination.

Senator BAILEY. I understood you to answer Senator Williams's inquiry that the newspapers, like all the others, have a right to be influenced by their self-interest.

Mr. RIDDER. It is not so. If the publisher of a newspaper is wise, he never can have a successful paper if he runs his paper from his pocketbook. He could not favor Canadian reciprocity on the ground that he will get his paper cheaper; he must favor the measure because it is a good measure for the country—for the people. If he does anything else he makes a mistake. As president of the Publishers' Association, if I point out to the members of my association the way to break down the trust which is taking advantage of the law to force us to pay high prices, I think I am justified in doing that. If I am not justified in doing that, I would not dare to say a word against them unless I did it in a very delicate way. I am opposed to the trust, and this is one way to get out of their clutches.

Senator HEYBURN. What do you mean by a trust?

Mr. RIDDER. A combination—for instance, I can buy paper only from the man I am buying from.

Senator HEYBURN. Is the Associated Press a trust?

Mr. RIDDER. The Associated Press is not a trust.

Senator HEYBURN. It claims an exclusive right to handle the news of the country through its agencies.

Mr. RIDDER. I will answer that question by saying that I—this is a different organization.

Senator HEYBURN. I understand that.

Mr. RIDDER. I will tell you, Senator, that I have a veto in the Associated Press in New York on that district, and that I have never exercised it against any paper coming in; never have exercised it.

Senator HEYBURN. You have not done it in New York City; you have done it elsewhere then?

Mr. RIDDER. I have never done it.

Senator HEYBURN. Did you not participate in upholding the right of the Spokesman-Review to exclude from a field of 200 miles or 225 miles all papers except that they did business with the Spokesman-Review, and the parties were charged for the right to become members of your association?

Mr. RIDDER. Senator, if I discussed the Associated Press organization on the basis of your question, I should have to tell you so many

things before we got down to that point that it would take a very long time. The Associated Press is formed under the membership law of New York, very like a club. They have invested money and have an organization. You might just as well say that if you have a factory, another man who wanted to start a factory might come in and take advantage of all your experience.

Senator HEYBURN. You have a monopoly in the sending out of news?

Mr. RIDDER. We have not; there are other organizations.

Senator HEYBURN. Organizations of your class—the morning papers of the country?

Mr. RIDDER. The Sun has its own organization.

Senator HEYBURN. How many others besides the Sun?

Mr. RIDDER. You can get the Sun's service. If I have a monopoly, I can keep everyone else out. But if I want to start a newspaper in New York city I can get the news from the Sun. There is no monopoly.

Senator HEYBURN. This is a private club?

Mr. RIDDER. It is a private club.

Senator HEYBURN. With the same rules of admission?

Mr. RIDDER. I think it has.

Senator HEYBURN. What lease have you on the Western Union wires, and what privileges as compared with other people?

Mr. RIDDER. I could not answer the question; I do not run the Associated Press, Senator.

Senator HEYBURN. You are one of the directors?

Mr. RIDDER. I am one of the directors, but those details I do not know about.

Senator HEYBURN. Still, this is a place where you are expected to talk very plainly, and you brought the Associated Press into this in your own statement, or I would not have gone into it. You stated you are one of the directors, and yet you can not state what advantages you have on the Western Union wires that are not open to every person.

Mr. RIDDER. I believe the terms are alike to all the news services.

Senator HEYBURN. Yes; how about private individuals?

Mr. RIDDER. I believe the individuals get it even lower; I think an individual gets a lower rate.

Senator HEYBURN. And you have an exclusive right during certain hours—

Mr. RIDDER. There is no exclusive right.

Senator HEYBURN. Or a precedent right?

Mr. RIDDER. No one has an exclusive right. You might have a wire, but they have many wires.

Senator HEYBURN. Have you a wire—that is, has the Associated Press its own private wire?

Mr. RIDDER. Yes; but you could have a wire.

Senator HEYBURN. An individual could have a wire if he were able to pay for it. If you, or whoever represents the Associated Press, were to send out a 100-word dispatch to-night to a correspondent on the Pacific coast and I as an individual were to send a telegram to some one on the Pacific coast, would you pay the same rate that I do and on exactly the same terms?

Mr. RIDDER. I think the individual would have it cheaper than the Associated Press.

Senator HEYBURN. Do you know that?

Mr. RIDDER. I am quite sure of it; yes, sir.

Senator HEYBURN. What do you base your statement on?

Mr. RIDDER. The Associated Press, supplying more papers, has to pay more.

Senator HEYBURN. I am speaking of the cost to one paper.

Mr. RIDDER. If you sent that to one paper, that paper would have the exclusive news. If you make a combination of papers from New York to San Francisco, in each State, and they all take this news together, you can get the same terms as the Associated Press does.

Senator HEYBURN. Your evasive answer—and I term it such, because it seems such on its face—is based on the idea that if you send the dispatch on the wire to a number of papers, if you charge it all to one paper, it would cost more; but, as a matter of fact, you can divide that cost among all the papers that receive it.

Mr. RIDDER. No. If the Associated Press sends a telegram and it is taken off all along the line all those papers have that news; but if you send a telegram to your paper alone, you have it alone. While you pay for it alone, you have the exclusive news.

Senator HEYBURN. Do you know whether an individual can send a telegram of that kind?

Mr. RIDDER. I know you can do it. For instance, the Staats Zeitung has a Berlin cable. I tried to make arrangements to let the German papers all over the country have that service, and they were willing to make the same arrangements.

Senator HEYBURN. Don't you know that a private individual can not send what you call a distributive telegram, to be put off the wires here and there at half a dozen places?

Mr. RIDDER. Yes, sir; they can.

Senator HEYBURN. Without paying for each as a separate message?

Mr. RIDDER. Not paying for each as a separate message.

Senator HEYBURN. I think you had better try it.

Mr. RIDDER. I know that is so, because I could have made the same arrangements for my Berlin cable.

Senator LODGE. Will you answer me a question, just for my information? There are special correspondents in Washington representing one paper—

Mr. RIDDER. Yes.

Senator LODGE. Do I understand you to say that they send at the same rates as a private individual?

Mr. RIDDER. You mean whether they have special rates?

Senator LODGE. No; I mean, does a special correspondent send to any newspaper at the same rate as an individual? Is there not a special newspaper rate?

Mr. RIDDER. I guess there is; a wholesale rate. If a man sends a great deal there is a lower rate.

Senator HEYBURN. Under what law?

Mr. RIDDER. I do not know that that is so. I could not tell you the details of that.

Senator LODGE. You mean that a special correspondent of a New York paper gets a lower rate because of the amount he sends?

Mr. RIDDER. That I do not know.

Senator SMOOR. Suppose I send a message of 10 words to John Jones, in Salt Lake City. That costs me 75 cents. If the Washington correspondent of the Herald Republican sent a message to the paper at Salt Lake City, would he pay 7½ cents a word for it?

Mr. RIDDER. I can not answer that question.

Senator SMOOR. Do you think he does?

Mr. RIDDER. I do not think at all.

Senator HEYBURN. I will resume. I recur to this communication of yours of January 24, 1911, in which you say, "For your confidential information, I take pleasure in advising you that the negotiations between the United States Government and Canada provide for the admission of print paper and wood pulp free of duty when made from wood cut on private lands or free from restrictions of exportation." Where did you get the confidential information?

Mr. RIDDER. From Mr. Norris.

Senator HEYBURN. Do you know where he got it?

Mr. RIDDER. I do not.

Senator HEYBURN. Did you ask him?

Mr. RIDDER. I do not think I ever did.

Senator HEYBURN. Did you check it up to ascertain whether it was reliable?

Mr. RIDDER. I took his word for it; I always do.

Senator HEYBURN. He did not recite any basis for the information?

Mr. RIDDER. Well, if he did it has passed out of my mind.

Senator HEYBURN. You had it two days before Congress had it.

Mr. RIDDER. That is not the first time newspaper men have had news before Congress. That is the duty of newspaper men, to get information as early as they can. That would not be anything against Mr. Norris.

Senator SMOOR. But if they do, is it right for them to send it out as this was published?

Mr. RIDDER. Certainly it was. I had a right to know it and send it out as early as I could. If it is not against the interests of the country—

Senator HEYBURN. Well, but you speak of only one interest in relation to it; here you have a great many interests on the other side, but you seem to have thought that inasmuch as it was favorable to your business, you would be justified in giving it out.

Mr. RIDDER. It was favorable to the people.

Senator HEYBURN. What people?

Mr. RIDDER. The whole people; that is, in the interest of over 90,000,000 people, and it is only against a few who are growing rich at the expense of the others.

Senator HEYBURN. Have your papers a circulation of 90,000,000?

Mr. RIDDER. My papers?

Senator HEYBURN. Yes.

Mr. RIDDER. I could not tell you.

Senator HEYBURN. They have not a constituency of 10,000,000, have they?

Mr. RIDDER. Do you want me to say that they have not? I think the newspapers have a constituency of the whole country.



Senator SMOOT. If news paper is made free, will they sell their paper cheaper to the person that buys it?

Mr. RIDDER. Yes. When this combination was made they intended to put the price up to 3 cents—

Senator SMOOT. That is not answering my question. If this treaty passes, and you have free print paper from Canada, will you sell your paper any cheaper to the subscriber than you do now?

Mr. RIDDER. I can not answer that yes or no. I will give you an intelligent answer. When typesetting machines were introduced and composition was made cheaper it was said many men would get out of work. Through the introduction of typesetting machines doing the work of four or five men the average pay roll of the composing room to-day is larger than it was before, for the reason that the cheaper production of the article has made more of it. It would be just the same with sewing by hand. You might say that the sewing machine would throw all those girls out of work. If you make paper cheap enough the competition between the newspapers brings the price down.

Senator SMOOT. The duty to-day from Canada on print paper is \$3.75 a ton.

Mr. RIDDER. Yes.

Senator SMOOT. If that was removed by this reciprocity bill, would you sell your papers to your subscribers for any less by reason of that fact? That was my question.

Mr. RIDDER. Well, the paper which is sold at a cent can not be reduced, but what a man would do would be to get out a larger paper, because he can afford to do it. When the price of paper went so high we were forced to cut the paper down, because we were compelled to save on it.

Senator SMOOT. If that is the case, and you are going to give a larger paper and more of it, how is it, then, that Mr. Norris, representing you, claimed that if this bill passes you yourself would gain \$100,000 a year? He also says that Mr. Hearst would gain \$600,000 a year. If you give a larger paper you can not increase your gains that amount, could you?

Mr. RIDDER. I am very sorry I can not make my answer fit into your argument. I simply explained that the introduction of a cheaper article would make the more use for it. I did not say that any particular paper would make a larger paper. Why should the newspapers pay to the Paper Trust this enormous profit? We have to compete and sell our papers. Why should they be permitted to compel me to pay them from \$25,000 to \$50,000 more a year? Why should I show what I shall do with it? If I can buy paper for 2 cents, do you think I would silently stand by when the trust that wants to make me pay 2½ cents and 3 cents asks me what I am going to do with the money? I am not going to give it to them. I am protecting my interests. That is what I am going to do. I am against the Paper Trust and all the trusts.

Senator HEYBURN. That is not an argument in this case. Nobody has said anything about the Paper Trust. I think perhaps there are a good many papers in this country that make as much upon their investment—I mean, interest per annum—as the Paper Trust that you speak of.

Mr. RIDDER. Is that any reason why they should give their profit to the Paper Trust?

Senator HEYBURN. Not in the least; but if the Paper Trust is robbing you and still are not making as much as you are, then the conclusion must be that you are robbing the public. Could you come to any other conclusion?

Mr. RIDDER. Well, as a sensible man, I do not believe that when we have had a business established 75 years, which we own, and which we live by, there is any reason why I should take part of my business and turn it over to the Paper Trust on the ground that they should make as much as I do. If you want to equalize those things, of course—I did not know you gentlemen were going quite so far.

Senator SMOOT. No intimation of that was made by me.

Mr. RIDDER. You want to equalize things, so that the Paper Trust will make as much as I do.

Senator SMOOT. I did not say so.

Mr. RIDDER. You wanted me to say so.

Senator SMOOT. No; I did not want you to say so.

Mr. RIDDER. I am going to buy the raw material as cheaply as I can.

Senator HEYBURN. You say that you are not making your money for general distribution, and so on. You speak, of course, of the membership to which you belong when you say you are not making money?

Mr. RIDDER. I speak for myself, too.

Senator HEYBURN. Individually, or as a part of this association?

Mr. RIDDER. You can have it the way you like.

Senator HEYBURN. Very well. From what source does this membership make its money? Upon what do they collect; the sale of papers, or advertisements?

Mr. RIDDER. Both.

Senator HEYBURN. What is the relation or proportion between the income from the sale of papers and from advertisements?

Mr. RIDDER. That differs.

Senator HEYBURN. And yet you are one of the managers of the concern?

Mr. RIDDER. I could not tell you how 308 papers divide their profits.

Senator HEYBURN. Give your own as an instance. How much of your own income is from advertisements?

Mr. RIDDER. I should say about half and half.

Senator HEYBURN. What is your circulation?

Senator GALLINGER. I do not think he need answer that.

Senator HEYBURN. I do not think he needs to be cautioned.

Mr. RIDDER. If you want to go into my private business—

Senator HEYBURN. No; I do not. You are a quasi public institution. You receive special terms and conditions under which you may transact your business, by reason of the laws of the country, that are not open to every other person. Now, I want to know the number of subscribers to your paper.

Mr. RIDDER. Well, the circulation of our paper—now I think of it—the circulation department of our paper gives an affidavit that the gross circulation of the morning and evening Staats-Zeitung combined for the past three years—1908, 1909, 1910—has been an average of 71,386.

Senator HEYBURN. What is the name of your paper?

Mr. RIDDER. The New York Staats-Zeitung. That is what you want to know, is it? It is a German-American paper, published in the German language.

Senator HEYBURN. Do you carry advertisements?

Mr. RIDDER. Yes; a good many of them.

Senator HEYBURN. What is your income from advertisements?

Mr. RIDDER. I do not think I ought to be asked that.

The CHAIRMAN. I think the witness may decline to answer.

Senator HEYBURN. The witness may, but it will not prevent his testimony being discussed by the whole committee and on the floor of the Senate.

Mr. RIDDER. I gave you my circulation. I think that is all I can fairly be asked.

Senator HEYBURN. What are the gross profits of your paper?

Mr. RIDDER. Well, of course, I could not tell you to a dollar off-hand. You know a man does not like to tell all he makes.

Senator HEYBURN. It depends upon what position he puts himself in.

Mr. RIDDER. It is not over \$200,000.

Senator HEYBURN. What is your capitalization?

Mr. RIDDER. Oh, I paid on the basis of \$3,100,000 for the whole property. I bought it 20 years ago.

Senator HEYBURN. Did you capitalize on that basis?

Mr. RIDDER. No; it is not capitalized on that basis, but that is what I bought it for.

Senator HEYBURN. What is the capitalization?

Mr. RIDDER. The capital is \$25,000. In 1890 I bought a controlling interest in the Staats-Zeitung on a basis of \$3,100,000 for the whole. Later there was a readjustment under which I secured 446 shares of the 500 shares on a basis of \$2,600,000 for the whole.

Senator HEYBURN. You have an immediate and direct interest, then, in this legislation?

Mr. RIDDER. Oh, certainly.

Senator HEYBURN. And having an immediate and direct interest, you have reminded other newspapers in the country, as president of this newspaper organization, that the newspapers had an immediate and direct interest in this question of legislation?

Mr. RIDDER. No, sir; they knew that before I told them.

Senator HEYBURN. And that for that reason they should take a certain position—

Mr. RIDDER. No; I explained that before.

Senator HEYBURN. Do you say that you did not state that?

Mr. RIDDER. I state that in opposition to the trust—

Senator HEYBURN. I know; but you stated that in the abstract.

Mr. RIDDER. What I really did was to point out to them a way by which they could get out of the clutches of the trust. That is what I did as president of the association. If this goes through, then this Paper Trust can not hold us up; that is practically what I said.

Senator HEYBURN. Suppose that this other combination, which you call the Paper Trust, would be properly punished, then you would still claim that you were entitled to this legislation?

Mr. RIDDER. What do you mean by "properly punished"?

Senator HEYBURN. Punished in some other way than by this legislation.

Mr. RIDDER. In what other way?

Senator HEYBURN. Any way.

Mr. RIDDER. Has any trust magnate been punished yet?

Senator HEYBURN. I would have to look at the records of the courts to say whether any have been punished; but I asked you the question whether you would be perfectly willing to drop this question provided that combination were to be broken up?

Mr. RIDDER. I want to have relief during my life. I am 60 years old. I do not believe any of them will be sent to the penitentiary.

Senator HEYBURN. Do you care about other interests in the country, so far as this legislation is concerned?

Mr. RIDDER. Yes, sir; I do.

Senator HEYBURN. Why did you not mention that in this telegram or either of those two letters?

Mr. RIDDER. Because I was president of the American Publishers' Association, and I was representing that particular interest.

Senator HEYBURN. Did you represent it as a business enterprise for the purpose of making money or as a newspaper enterprise that was under obligation to the public to furnish it with a fair statement of all sides of the question?

Mr. RIDDER. I did it for the purpose of getting free from the trust, so that I could have an open market in Canada where I could buy paper at a reasonable price.

Senator HEYBURN. That is the only reason?

Mr. RIDDER. That is the only reason. I am in favor of reciprocity. I am in favor of taking the tariff down on everything. I am a tariff reformer.

Senator HEYBURN. There will be no tariff to reform if you utterly destroy the tariff.

Mr. RIDDER. I am in favor of reciprocity with Canada outside of every other consideration, and I would favor that even if I was not interested in print paper.

Senator HEYBURN. When did you first make known to anyone this communication from Mr. Norris?

Mr. RIDDER. I sent that right out.

Senator HEYBURN. It had not been released, had it?

Mr. RIDDER. How released?

Senator HEYBURN. From the confidence under which it had reposed from Mr. Norris.

Mr. RIDDER. I do not know anything about that.

Senator HEYBURN. You stated you received it from Mr. Norris?

Mr. RIDDER. Not in confidence. You say so.

Senator HEYBURN. It says, "For your confidential information."

Mr. RIDDER. That is another thing. I did not say I got it in confidence.

Senator HEYBURN. Did you receive it—

Mr. RIDDER. Would I send out 308 letters, if I wanted to keep it confidential?

Senator HEYBURN. You sent out 308?

Mr. RIDDER. Whatever number there were, 307 or 308; we have over 300 members.

Senator HEYBURN. And you state, "I did not receive it in confidence"?

Mr. RIDDER. I did not receive it in confidence. If you send out 300 letters to the newspapers it is no more a confidential matter.

Senator HEYBURN. What relation does Mr. Norris bear to you?

Mr. RIDDER. Mr. Norris is the chairman of the paper committee, and a very capable and very honest man.

Senator HEYBURN. Of your association?

Mr. RIDDER. Of the American Newspaper Publishers' Association.

Senator HEYBURN. And he comes to you with a communication, which upon its face was received in confidence?

Mr. RIDDER. I did not say that.

Senator HEYBURN. You knew that the treaty had not been signed?

Mr. RIDDER. I knew nothing about that. I can not tell you whether I got it in confidence.

Senator HEYBURN. Why did you say, "For your confidential information"? Why did you not say, "As a matter of public news, the American Newspaper Publishers' Association advises you as follows"? Why did you not say that?

Mr. RIDDER. If I had thought that would have pleased you more I probably would have done it. I did not think that I should be asked such questions as these, you know.

Senator SMOOT. You are speaking of the Paper Trust?

Mr. RIDDER. Yes, sir; Paper Trust.

Senator SMOOT. Have you ever tried to buy paper from any other country?

Mr. RIDDER. Any other country? No.

Senator SMOOT. You have never bought any paper at all from any other country?

Mr. RIDDER. No.

Senator SMOOT. Did you not buy some from Sweden?

Mr. RIDDER. No; there may have been a small lot come over, and I took a few dollars' worth. I don't remember that. You know, I am not talking of a small lot for \$250 or \$300. I am talking generally. I bought paper in Canada. That is the only foreign country I ever bought paper from, unless I took some of a lot that came over as a sample, which was a small matter.

Senator SMOOT. I have here a bulletin of the American Publishers' Association, in which it says:

Sweden is anxious to enter the American market. The mill at Falun, Sweden, offered 12,000 tons for 1911 at \$2.08, duty paid f. o. b. New York, Boston, Philadelphia, or Baltimore, but no publisher would buy it. Eleven tons of Swedish paper were imported as an experiment and tested on the presses of the Staats Zeitung and the Brooklyn Eagle.

Mr. RIDDER. What date is that?

Senator SMOOT. December 24, 1910—

It ran without a break. Its waste was 1 per cent less than Great Northern paper. Its weight was 5 per cent less, but the color and finish were not as good as most American mills produce.

That is true, then?

Mr. RIDDER. I have an indistinct memory there was something of that kind.

Senator SMOOT. Do you remember why you did not buy that paper?

Mr. RIDDER. The risk was too great. The newspaper supply must be reliable.

Senator SMOOT. That was the reason?

Mr. RIDDER. That is the reason.

Senator SMOOT. It was not the price?

Mr. RIDDER. I was afraid that I would not get a supply of paper. It was so far away that I might not get any paper. I must issue my paper every day.

Senator SMOOT. Does this trust sell at the same price from every mill that they have—do they have one price?

Mr. RIDDER. I think they have one price now, their combination price.

Senator SMOOT. The protest made by the Hearst organization was not correct when they said that they would not sell Hearst paper for less than \$2.25 when they were selling other users of newspapers at \$2.12½?

Mr. RIDDER. They may have running contracts which have not expired.

Senator SMOOT. That is not what your circular says.

Mr. RIDDER. Their price is practically \$2.25, the combination price or trust price based, I believe, on New York as delivery point.

Senator GALLINGER. Under January 28, 1911, Bulletin 2361, is this paragraph:

Provided, also, that such wood pulp, paper, or board being the product of the United States, shall only be admitted free of duty into Canada from the United States when such wood pulp, paper, or board being the products of Canada are admitted from all parts of Canada free of duty into the United States.

You sent that out to the correspondents of your newspapers as an official bulletin under date of January 28, 1911?

Mr. RIDDER. Yes, sir.

Senator GALLINGER. Can you tell the committee why, in view of that fact, and that having been the agreement with Canada, the clause "being the products of Canada, are admitted from all parts of Canada, free of duty into the United States," is omitted from this bill?

Mr. RIDDER. I can not explain that. I can not remember that language.

Senator GALLINGER. You have no knowledge as to why it was omitted?

Mr. RIDDER. No; I can not remember.

Senator SMOOT. Then, Mr. Ridder, what do you mean in your letter of March 10, 1911, in which you say:

May I invite your attention to the point that promptness in ratifying the reciprocity agreement of the United States with Canada is of the utmost importance to newspapers.

There is danger in amendments, or changes, or delay. The two Governments had a tacit understanding that the arrangement would go through as framed. The difficulties attending the ratification on the Canadian side may be increased greatly if there is hesitation or an attempt on our part to make a new trade.

Will you kindly urge, through your publication and by letters to your Representatives and Senators, that the agreement as made by the State Department be passed speedily by Congress and without amendment?

Mr. RIDDER. That is right; that is our view.

Senator SMOOT. Are you willing to agree to this?

Mr. RIDDER. I did sign that. I sent that out.

**Senator GALLINGER.** Are you in favor of the so-called Root amendment?

**Mr. RIDDER.** I am not.

**Senator GALLINGER.** And yet that is a part of the agreement between the two countries, is it not?

**Mr. RIDDER.** Gentlemen, you know I am not the State Department. I did not draw these treaties, and I have not so much information about that as you have.

**Senator LODGE.** The House amended the agreement. The House bill is not in conformity with the agreement, nor does it correspond with the bill now pending in the Canadian Parliament, which left out one clause.

**Senator STONE.** That is a debatable question.

**Senator LODGE.** I think not, because I have the Canadian bill before me.

**Senator STONE.** I have, too. We might debate that on the floor.

**Mr. RIDDER.** I do not know what the bill is in the Canadian Parliament. I do not know whether it is the same as this or changed, and so I could not speak.

**Senator GALLINGER.** Under date of January 28, 1911, you sent out the bulletin from which I have quoted?

**Mr. RIDDER.** Yes, sir.

**Senator GALLINGER.** And you gave as a part of the program the agreement precisely as it was made with Canada, but that agreement is changed in the bill as it comes to us. Now, you say you are opposed, at the present time, to restoring the provision that would make it correspond with the agreement. Why are you opposed to that?

**Mr. RIDDER.** I think the bill in its present form is a good bill.

**Senator GALLINGER.** You were mistaken when you sent out this bulletin?

**Mr. RIDDER.** I have made mistakes before.

**Senator GALLINGER.** At that time you indorsed the agreement made with Canada. The bill that comes here is not in conformity with the agreement, and yet you want us to pass the bill as it comes here.

**Mr. RIDDER.** I am in favor of the bill as it passed the House.

**Senator BAILEY.** As a matter of fact, you are in favor of the quickest way to pass it?

**Mr. RIDDER.** I am doing everything in my power to pass it, and when anybody asks me why I do this thing, I reply that I want to get this thing through; that I want to get reciprocity with Canada; I want to get free of the Paper Trust; I want to buy paper at a fair manufacturing price. I made no secret of that. I have done it by day and by night, week days, Sundays, holidays—always in favor of it.

**Senator BAILEY.** The Paper Trust has left you only about \$200,000 a year. I don't blame you for wanting to get out of its clutches.

**Mr. RIDDER.** You must know there are many papers that do not make any money at all, and if they pay too much for paper they will have a deficit. I have one of the good papers in the country; I have one of the best-paying properties in the United States, and because I make \$200,000—I did not say I made that; I said I did not

make more than \$200,000—there is no reason why I should give the International Paper Co. any part of my profits. If I have to give the money away, I would rather give it to a charity. If you say I should not make more than \$200,000 or \$100,000, then I prefer to give it to some charity.

Senator BAILEY. You must not put me in the attitude of answering or suggesting that you give it to the Paper Trust.

Mr. RIDDER. I do not give it; they take it from me by force.

Senator SMOOT. They do not take \$200,000 away from you?

Mr. RIDDER. And would not I be a fool to allow them to?

Senator BAILEY. Nobody does that in this country.

Mr. RIDDER. No; I would not make any money if I did everything on that basis, if I had to buy everything on the same basis that I buy paper, or find out how much I make and hand it over. I think you are proposing an impossible situation.

Senator BAILEY. Nobody is proposing that impossible situation, and you must not make answer to me as if I had done it.

Mr. RIDDER. I am not putting words in your mouth.

Senator BAILEY. You are making an answer that does put a construction on what I say.

Mr. RIDDER. If I make \$200,000 a year here, can I pay this high price for paper and let the Paper Trust get it? I do not say you said that, but there is an atmosphere—

Senator BAILEY. Mr. Ridder, I do not complain myself that gentlemen representing their own especial interests appear here and seek to protect them. That is natural, and I do not think that is improper; but, as far as I am concerned, I am not impugning a man's patriotism nor his integrity. My own view about this hearing is to let everybody come and present his case, and from these conflicting opinions and arguments this committee may evolve the truth; and what I was trying to do by that question was just to see exactly how prosperous a man could be under the exactions of the trust. I do not justify those exactions.

Mr. RIDDER. I am an exception. The others do not make what I make. There are papers that hardly make a living.

Senator BAILEY. There are a great many more that make more than you make. I want to suggest to you that I do not share your hopelessness about the antitrust laws enforcement. You are mistaken in saying nobody was ever sent to jail under it. Not nearly as many have been sent as ought to have been sent, and not a fraction have been sent that will be sent. You had just as well abandon our theory of government as to publicly proclaim that the men who take an oath to see that our laws are faithfully enforced do not intend to keep that oath. My own opinion is that we are near to the time when a due enforcement of the law, and the criminal law, too, will end the reign of the trust.

Mr. RIDDER. I did not prophesy anything.

Senator BAILEY. You did say that no man would ever be sent to jail for it.

Mr. RIDDER. I judged by past experience.

Senator BAILEY. You know they have been sent to jail?

Senator WILLIAMS. Who was ever sent to jail?



Senator BAILEY. They have convicted and sent two men, and one a very rich man, down in Georgia, for violating the antitrust law in connection with the Turpentine Trust.

Mr. RIDDER. So that there might be no anxiety about making improper use of money, I will state for the information of the committee that the former owners of the Staats-Zeitung, those that went before me, founded in New York enormous charities. There is one charity to which they contributed over a million dollars; and the German Hospital has received in one way and another from the owners of the Staats-Zeitung nearly another million.

Senator BAILEY. The greatest beneficiary of the trusts probably has given more to charity than any other man. Mr. Rockefeller, I think, has contributed more to charity than any other man. I do not think that doing charity keeps a man from the obligation to justice by others. Charity is a beautiful individual trait, but the Government has no concern with that; the Government wants men who do justice to each other.

Mr. RIDDER. Have I not the right to run my business to the best possible advantage? A man must use his money in a way that is good for the community.

Senator BAILEY. Oh, no; he must use it in a way that is conformable to law.

Mr. RIDDER. I am trained in a school where there is an obligation on my part.

Senator BAILEY. Who is to judge whether it shall be for the benefit of the community?

Mr. RIDDER. I am going to keep my money and not hand it over to the trusts; and I will use all my influence and my possessions to prevent any man coming to my office and sitting down and saying "You have got to pay me this price and you have to buy from me." It was the very act of this man, the arrogance, the perfect safety in which he knew that he had me that forced me to do that and made me fight. If you put your hand in my pocket here I will fight.

Senator BAILEY. I see you have a great deal of fight in you, and you have a right to have.

Mr. RIDDER. When a man comes into my office and sits down and says, "You have got to pay me this price and you have got to buy from me," I go to work. I have been the mainspring of the Publishers' Association in making this fight. After I made this contract I called a meeting of the association and I started in this fight, and I attended upon Congress for three months. I went from the Senate to the House to get relief, and I kept at it, and I am going at it until I get free from this crowd.

Senator BAILEY. I would suggest if you spent a little of this money prosecuting these people you would release the whole press pretty promptly.

Mr. RIDDER. Did I not prosecute these 50 men in New York, and would you like to know my experience? You would be amazed at it. Of course, it is very difficult to get information against people of that kind. You can not invite a man to dinner at your house and then get information from him. You have to adopt other methods which are customary and which we do not like.

Senator BAILEY. Of course, you would not do that.

Mr. RIDDER. That is what I did do. I furnished evidence to the district attorney of New York. We made these 50 men plead guilty. I furnished the evidence.

Senator BAILEY. Mr. Ridder, I think you are right.

Mr. RIDDER. You asked me why I do not prosecute. I can not prosecute the trusts of the whole country. I am only one man.

Senator BAILEY. Your persistence about this matter rather assured me that they would be in danger if you got after them, because I remember three or four years ago you were over here trying to get me to believe if we would report a bill for free print paper then we would not have a general tariff discussion.

Mr. RIDDER. Of course, I came here, and I wanted to get a bill through right away, but Mr. Cannon, of course, denounced me and everything else. I do not care for that, but the point is this: For anything I have done I can always answer; I can always give an explanation. At that time, when they put this on, it was so apparent that they had this combination, and that the only safety against this combination besides this long process of criminal proceedings, which would never take place, was to let paper in free, and the President was going to let it in free. He sent a message, and I tried to get you to agree to let it pass.

Senator BAILEY. Yes; and I would not do it. I told you I would not.

Mr. RIDDER. I think if the Republicans had kept their promises I would have got it through.

Senator BAILEY. I would not agree to that, because, Mr. Ridder, it looks to me as if the Government of the United States, instead of taking \$500,000 from its Treasury annually in order to punish the trust, ought to put the men who organized it in the penitentiary, and when you and I get a Democratic administration we will break it up.

Mr. RIDDER. I am not attacking the administration here to-day. I am before the Senate committee, which is a legally authorized representative of our form of government, and I have respect for its authority; and I come here in reply to your demand to tell you all I know, and I also want to be respectful, because I have German blood in my veins and I respect authority and I believe in authority. And when I got in trouble with the Paper Trust I came to Congress, and I came here and asked you to relieve me from this gang of thieves; and I am here to-day for the same purpose, to ask you to pass this reciprocity bill.

I do not feel, as a witness, that I am on an equality with you gentlemen. I am here, practically, at your command and on your orders and if I do not answer the question of any Senator it is because of my respect for him and his position that I do not answer. If I do not answer any man who makes fun of me, do not think I can not do it. I have respect for a Senator of the United States.

Senator Smoor. At a meeting of the publishers' association, some time in April, 1909, at which there were 14 members present, I would like to ask whether you made this statement at that meeting:

Herman Ridder said he demanded of the International Paper Co. paper as cheap as their biggest customer, and he would not make a long contract, either.

Mr. RIDDER. Who said that?

Senator Smoor. I asked you whether you said it.

**Mr. RIDDER.** We never had a meeting where we have had as few as 14 present.

**Senator Smoot.** At the Hardware Club, when you spoke to them, in April, 1909.

**Mr. RIDDER.** Spoke to whom?

**Senator Smoot.** I just asked you whether you made this statement. Let me read the statement clear through, and then you can say whether you did.

Herman Ridder said he demanded of the International Paper Co. paper as cheap as their biggest customer, and he would not make a long contract either, and that until they would give him those terms he would keep going after them in Congress and the press and fight them with others until he put them out of business.

**Mr. RIDDER.** For your private information I would tell you that for a long time I bought paper cheaper than any other paper.

**Senator Smoot.** I have no objection to that.

**Mr. RIDDER.** I do not consider it at all to my credit that I pay more for paper than my competitors do. I would be a fool to run my business that way. But I never said I would kill off the International Paper Co.—

**Senator Smoot.** I refer to the statement that you made here about their being thieves and robbers. I really thought perhaps there was something in this, and I wanted to ask whether it was true or not.

**Mr. RIDDER.** I can not tell what I said about three or four years ago.

**Senator Smoot.** Mr. Chairman, we evidently can not get through now, and since the Senate meets at 12 o'clock I move that we adjourn until 2 o'clock.

**The CHAIRMAN.** The Senate meets at 12 o'clock, and the committee will take a recess until 2 o'clock. If all persons invited to be present will be here at that hour we may be able to close these hearings this afternoon.

(Thereupon at 12 o'clock noon the committee took a recess until 2 o'clock this afternoon.)

#### AFTER RECESS.

The committee reassembled at 2 o'clock p. m.

**The CHAIRMAN.** The committee will come to order. I understand that Senator Stone has a few questions that he desires to ask of Mr. Ridder, and if Mr. Ridder will resume the stand, Senator Stone may proceed.

#### ADDITIONAL STATEMENT OF MR. HERMAN RIDDER, OF THE AMERICAN NEWSPAPER PUBLISHERS' ASSOCIATION.

**Senator Stone.** Mr. Ridder, you have been questioned about the Associated Press?

**Mr. RIDDER.** Yes, sir.

**Senator Stone.** And so questioned as to make the impression, if possible, that the Associated Press was a trust or unlawful combination of the same general kind and character as the Paper Trust. Now, I wish to ask you, first, whether the Paper Trust is not composed of manufacturers of print paper and other kinds of paper, which they sell to the publishers and other people; in other words, if it is not a

combination of paper manufacturers organized to control the paper business as against the buyers and the consumers of the paper?

Mr. RIDDER. You are correct.

Senator SMOOT. Has there ever been any public examination or hearing, or a case in court where it has been proven the manufacturers of print paper are in a combination?

Mr. RIDDER. In this combination that I spoke to you about this morning.

Senator SMOOT. Answer my question in relation to print paper, not other kinds of paper.

Mr. RIDDER. Well, we are trying to get the Government to bring them into court as a trust.

Senator SMOOT. Well, that is not answering the question.

Mr. RIDDER. We do charge that they are a trust, and we have gone to the President of the United States, and have gone to the district attorney here and in New York, and we publicly say so. We are trying to bring it about.

Senator SMOOT. It is simply a charge, and has never been proven in any way?

Mr. RIDDER. We are ready to prove it by the fact that they only have one price, and that is a universal price, and you can not buy from another mill after you buy from this mill.

Senator STONE. The chairman made the suggestion that when a Senator began to ask a witness a line of questions he be permitted to proceed until he gets through. I think if we pursue that we will get a much more connected and intelligent story. I will be glad to turn the witness over to the Senator from Utah or any other Senator after I get through, but if we all interrupt we can not get any connected statement from the witness.

Senator SMOOT. I am very glad that the Senator has come to that conclusion, because that rule has been broken every single day of these hearings, and with every witness, and by the Senator himself.

Senator STONE. I have done very little of that breaking in, taking a witness out of the hands of another Senator. I think if you will go through the record you will scarcely find the occasion when it was done.

The CHAIRMAN. Senator Stone will proceed. He does not desire to be interrupted until he is through with his interrogatories.

Senator LA FOLLETTE. I was going to make a suggestion, Mr. Chairman, that the witness, Mr. Ridder, be permitted to sit down unless he desires to stand.

Mr. RIDDER. I think it shows more respect to the committee to stand. I think before this committee I ought to stand.

Senator STONE. Now, Mr. Ridder, under this trust—this Paper Trust or combination—

Senator GALLINGER. So-called.

Senator STONE. The Senator from New Hampshire interjects "so-called." Let it be that. The manufacturers of paper can determine, and as I understood you, do determine, what particular manufacturing concern a particular purchaser shall buy his paper of and what the price of that paper shall be. In other words, the trust can limit the output of manufacturing, fix the price of paper, and determine from whom each purchaser shall buy.

Mr. RIDDER. That is true; yes, sir. That is just as you stated.

Senator STONE. The Paper Trust, therefore, is an organization of paper makers to control the prices, and so forth, as stated, as against the paper consumers.

Mr. RIDDER. That is also correct.

Senator STONE. Now, as to the Associated Press——

Mr. RIDDER. You know the Associated Press and the American Newspaper Publishers' Association are two distinct organizations—you know that?

Senator STONE. I do. I am speaking now of the Associated Press. As I understand—and I am asking you whether that understanding is correct—the Associated Press is a cooperative organization made up of a number of newspapers or newspaper publishers, as a common and cheaper means of getting the news of the world; in other words, instead of each paper acting separately, and at greater expense to maintain news agencies throughout the country and the world, a number of papers have formed an association with a view of working together at less expense to get the news. Is that true?

Mr. RIDDER. That is true.

Senator STONE. Then the Associated Press, instead of being a trust or combination to milk somebody, is merely a cooperative organization formed for the purpose of economy in the gathering of news?

Mr. RIDDER. That is correct.

Senator STONE. There are also other newspaper press associations, or press news associations?

Mr. RIDDER. Yes, sir; there are a number of them.

Senator STONE. Will you name some of them?

Mr. RIDDER. Well, there is the Laffan Bureau——

Senator STONE. That is the New York Sun service?

Mr. RIDDER. Yes, sir; but that is a morning service and afternoon service—it is a morning service. Then there is the old Scripps-McRae service, which is a very good one for an evening paper. Then there is the United Press. That is an afternoon service and Sunday morning service, but those two organizations cover the whole field that the Associated Press covers.

Senator STONE. They serve a large number of papers, do they not?

Mr. RIDDER. Oh, yes; especially the United Press. Then there is the Hearst system, or what is known as the Hearst service. They supply morning and afternoon papers, but the United Press is a very large organization.

Senator STONE. There are also other news-gathering associations?

Mr. RIDDER. Yes, sir; the Laffan service, the United Press, and the Hearst service. Those are the larger ones.

Senator STONE. And is it or not a fact that some papers that get the Associated service also get the news from some other associations?

Mr. RIDDER. A great many of them—quite a number.

Senator STONE. Well, at all events, and that is one point I have in mind—the Associated Press, if I understand you, is merely an organization entered into by certain newspapers with a view to economy in the gathering of news?

Mr. RIDDER. It is a cooperative concern to exchange news.

Senator SMOOT. And not an organization?

Mr. RIDDER. They are an organization.

Senator SMOOT. It is just an association.

Mr. RIDDER. They are an organization. They are organized under law—

Senator STONE. Is it a dividend-paying organization?

Mr. RIDDER. No, sir.

Senator STONE. The contributions made to it by those who are connected with it are merely to maintain it.

Mr. RIDDER. That is all. There is no profit in it.

Senator STONE. In the sense that it is intended to make money itself.

Mr. RIDDER. No, sir.

Senator STONE. And declare dividends?

Mr. RIDDER. No, sir. There are no financial profits.

Senator STONE. Except what you get incidentally.

Mr. RIDDER. Exchange of news.

Senator STONE. Exchange of news and economy in securing the news?

Mr. RIDDER. Yes, sir; it is a cooperative concern.

Senator STONE. Well, I think that differentiates between the Paper Trust and the Associated Press. Mr. Ridder, if such a trust exists—and you say it does exist—among paper manufacturers, or such a combination exists among them as to enable them to control prices, etc., in the way stated, then they are absolutely masters of the paper market of the country?

Mr. RIDDER. Yes, sir; they are the masters to-day.

Senator STONE. They can fix the price at pleasure?

Mr. RIDDER. Certainly.

Senator STONE. You said before we adjourned for lunch that the officials or directors of this paper manufacturers' organization, or trust, at one time considered the advisability of fixing prices a half a cent higher than they do?

Mr. RIDDER. They raised the price at the factory from 2 cents to 2½ cents.

Senator STONE. Two and one-half cents per what?

Mr. RIDDER. Per pound.

Senator STONE. They raised it to 2½ cents?

Mr. RIDDER. Yes, sir; and they intend to put it up to three, and probably would have done it if we had not made this big fight.

Senator STONE. You stated that if they had put it at 3 cents per pound, as they contemplated, it would then have made it absolutely necessary for the larger papers now selling at a penny per copy to increase the price in order to save themselves from great loss?

Mr. RIDDER. If they had raised it to 3 cents for white paper they could not sell the penny papers profitably.

Senator STONE. That being true, the power, under existing conditions, still remains in the hands of this Paper Trust to take the price up to 3 cents per pound?

Mr. RIDDER. Well, if they had the courage to do it, I think they could put it up.

Senator STONE. Then it is merely a question of courage?

Mr. RIDDER. They intended at that time when they put it up from 2 to 2½ cents—they had a very strong combination—to put it up to 3 cents. Now, the result of all this fight, of our opposing it and ventilating it has prevented them.

Senator STONE. But in spite of all that, if this reciprocity bill should fail, then they could put the price at 3 cents per pound?

Mr. RIDDER. We would be absolutely at their mercy. If this bill fails they can do as they like.

Senator STONE. They can put it at 3 cents per pound or any other sum per pound, being restrained only by the danger of foreign competition?

Mr. RIDDER. Well, it would be foreign competition; yes, sir; that is right.

Senator STONE. In other words, they could put it at 5 cents per pound if it were not that you might go elsewhere to get your paper at that price, or less than that price?

Mr. RIDDER. That is right.

Senator STONE. You are at their mercy?

Mr. RIDDER. We are at their mercy; we are at their mercy now, and if they curtail the production of paper now there would be a very small stock on hand.

Senator STONE. If this bill should fail, and they should put the price not higher than it is, you would be obliged, as I understand you, and publishers situated as you are and in your class—all publishers of great dailies—would be obliged to raise the price at which they sold their papers or else curtail the size of the paper, or maybe both?

Mr. RIDDER. Yes, sir; perhaps both. It depends on how high they would raise it.

Senator STONE. If this bill passes and you secure your paper at a fair price; if this bill passes and you are freed from this trust so that you can get your paper at a normal price, you stated you could not sell the paper cheaper than you were selling it now inasmuch as you are selling it now for a penny?

Mr. RIDDER. Mind you, I spoke of the 2-cent paper. I mean a penny paper. We could not sell that cheaper.

Senator STONE. Because that is the lowest denomination of all kinds?

Mr. RIDDER. Yes, sir.

Senator STONE. But I understood you to say that the reading public might be compensated as well as the publishers by getting more reading matter?

Mr. RIDDER. That is true. Competition brings that about. The cheaper the production of paper the more they have for other purposes, and they strive to secure a circulation, and their hope of getting that is by issuing the best possible paper. That also means a larger paper, the employment of more compositors, and more laborers all through the business.

Senator STONE. There are thousands of papers outside of these great metropolitan dailies published in the country—there are dailies printed in smaller towns and cities—a great number of daily papers printed. Are not all those equally interested in the passage of this bill?

Mr. RIDDER. The same proportion as large papers.

Senator STONE. When I say equally, I mean proportionately.

Mr. RIDDER. Yes, sir; that is correct.

Senator STONE. The advantage to a great consumer of paper like your concern or the Hearst papers, and papers of that class, would be immediately in more dollars than a country newspaper—that is, the advantage would be greater, I mean?

Mr. RIDDER. Yes, sir; proportionately, of course.

Senator STONE. And the proportion would be the same?

Mr. RIDDER. Of course, the Hearst papers as much as the other large papers, because his loss of a thousand dollars a year is equal to the loss of a hundred or two hundred a year to another.

Senator STONE. To secure the cheaper paper and get rid of this grasp of the trust on the newspaper publishers, so that they could get cheaper paper, would it not be equally true of the country newspaper as of the city newspaper?

Mr. RIDDER. It is true of every paper.

Senator STONE. That they could give a larger amount of reading matter to their readers?

Mr. RIDDER. That is correct.

Senator STONE. At the same price?

Mr. RIDDER. Exactly.

Senator STONE. I mean the same price to them?

Mr. RIDDER. Yes, sir.

Senator STONE. You have been questioned a great deal about this dispatch of February 17. Senators have examined you about it and passed on to other things, and then harked back to it time and again. Senators seemed to be troubled by this expression: "It is of vital importance to the newspapers that their Washington correspondents be instructed to treat favorably the Canadian reciprocity agreement." Is it not a habit, an almost invariable rule, for newspapers to take a decided stand one way or the other upon all important questions of public policy?

Mr. RIDDER. Yes, sir; and those are directed from the main office.

Senator STONE. Now, here is a great question of public policy, the entering upon newer and broader fields of commerce and of commercial relations with our neighboring State, and you favor it?

Mr. RIDDER. Yes, sir.

Senator STONE. And you urged the papers in the association of which you are the president to indorse the movement and support it, and to inform their correspondents at Washington that that was the attitude of their employers, and instead of attacking the agreement, as an agreement, to give to it, as far as they could, their support?

Mr. RIDDER. Yes, sir.

Senator STONE. You did not intend, nor does that language imply any such intention, that these reporters or correspondents should misstate the truth or should undertake, in plain language, to lie about what occurred in the city of Washington?

Mr. RIDDER. We never thought of that; we never dreamed of such a thing.

Senator STONE. Now, I will ask you, as a matter of fact, if the Washington correspondents, in reporting the debates in the House



and in the Senate, and the action and views of the President and the Secretary of State altogether, if they have not reported one side as well as the other fairly and truthfully?

Mr. RIDDER. Surely they have; they had to do that.

Senator STONE. Some Senators laugh, as if that were not true, and I will ask you if you will not be glad to have the Senators point out where they have failed to do it?

Mr. RIDDER. Yes, sir; I would be glad to have them point that out.

Senator GALLINGER. That is rather a leading question.

Senator STONE. It is a leading question, but I am following the distinguished example of others.

Senator GALLINGER. It is rather a leading question to ask the witness if he did not do so and think so and so.

Senator STONE. I will ask him again—

Mr. RIDDER. I answered that very clearly.

Senator STONE. When Senators sneer at what you say about that, then I will ask you, if you do not, to point out where it is true.

Mr. RIDDER. I do not criticize Senators, but my point is this, that there was no idea, by any stretch of imagination, that the Washington correspondents, or any other correspondents, were to misrepresent the news or state it differently from the facts. Nobody thought of that.

Senator STONE. You did want these newspapers to support this reciprocity agreement?

Mr. RIDDER. I wanted to impress upon the publishers the importance of this thing, that if they cared to look into it, they give it due consideration. That is really what I wanted to accomplish.

Senator STONE. And you personally were for it?

Mr. RIDDER. I was for that; yes, sir.

Senator STONE. And for it, aside from the newspaper clause in the agreement?

Mr. RIDDER. If there had been no newspaper clause I would have been in favor of it anyhow.

Senator STONE. You have stated it, and I simply asked you to restate it.

Mr. RIDDER. Yes, sir; I do restate it.

Senator GALLINGER. Will you allow me a question there? If there had been no newspaper clause in the agreement would you have issued this same letter or telegram to the newspapers of the country?

Mr. RIDDER. I beg your pardon, I did not catch that.

Senator GALLINGER. If there had been nothing in the pact concerning print paper, would you have done as you did do in issuing this letter?

Mr. RIDDER. Except, because as president of this association I was looking after this particular interest.

Senator GALLINGER. Yes; exactly.

Senator STONE. Well, because you were president of the association and looking after the particular interest intrusted in your hands, you called their attention in this circular to the fact that if the treaty went through it would relieve you from the oppression of this Paper Trust?

Mr. RIDDER. That is correct.

Senator STONE. And that is the meaning, and sole meaning of this paper, or of this telegram of February 17?

Mr. RIDDER. That is the only meaning.

Senator STONE. Mr. Chairman, I am through.

Senator McCUMBER. I want to ask you a few questions; first, upon this matter of the ability of the manufacturers of print paper to charge you any price. If I understood you correctly you stated that they could charge you 5 cents per pound if they saw fit?

Mr. RIDDER. I did not say that.

Senator McCUMBER. Did you not say they could charge you—that it was in their power to charge you 2½ or 3 or 5 cents?

Mr. RIDDER. No, sir; I stopped at 3 cents.

Senator McCUMBER. Why is it within their power to charge you 3 cents and not in their power to charge you 3½ cents?

Mr. RIDDER. Well, if it meant 3½ it would break every paper in the country. They could not do it; they could not live.

Senator McCUMBER. Is that the only reason they could not do it, because the consumer could not take it at that price?

Mr. RIDDER. Well, if they had made the price too high that would not encourage the manufacturers.

Senator McCUMBER. As a matter of fact—

Mr. RIDDER. But for the time being there is no relief, because we could not get the paper from Canada. They have not the capacity.

Senator McCUMBER. Your idea is it could be manufactured and furnished you for at least 2 cents a pound. Do you think it could be?

Mr. RIDDER. Paper? Yes, sir; I think they could furnish it for 1.75 and make money.

Senator McCUMBER. You think they could?

Mr. RIDDER. I think they could.

Senator McCUMBER. Then with only 1.8 mills duty, probably if they run it very high, you could get a good deal of the output of Canada, could you not?

Mr. RIDDER. Yes, sir; that is just the point; if you have this reciprocity and the paper mills put the prices up—

Senator McCUMBER. I am speaking of under the present tariff.

Mr. RIDDER. I know; but the difficulty in Canada is of putting up mills to meet this market; but if the present tariff is not high enough, the mills will raise the tariff higher.

Senator McCUMBER. But the point I want to make is this—and I ask for your information on it—whether or not, if the American paper makers raise their prices above a reasonable compensation, why, with only a tax of 1.8 mills a pound, the Canadians can not come in and supply our markets to the extent of their production?

Mr. RIDDER. They can not build a mill in a day. It takes a year or a year and a half to build a mill. That is the reason why they put the prices up to 2 and 2½ cents, and threatened to put it at 3 cents, but could not go to Canada because Canada does not have the capacity to make paper. They have not the mills. They put the price up to 2½ cents and we had to pay it.

Senator McCUMBER. With only 1.8 mills of tariff per pound there would be no danger of our American mills extorting a very unreasonable price against the American consumer, would there?

Mr. RIDDER. Oh, yes, sir; they are extorting it now.

Senator McCUMBER. I agree with you, that if they are extorting an unreasonable price, and if there is a combination, that that combination ought to be inquired into by the Federal Government; that if there is a trust, the trust should be broken up, but I want to pursue another line of questioning now, and that is in reference to this same letter that Senator Stone has been calling your attention to. Why is it that the press of the country generally has not mentioned in their editorials, and other material, their peculiar interest in this bill?

Mr. RIDDER. Do you mean any paper that has not mentioned it? I have seen papers that mentioned it.

Senator McCUMBER. You have seen very little of it, have you not?

Mr. RIDDER. No; I have seen a great deal of it. I think they make a great deal of the feature of wood pulp—free raw materials.

Senator McCUMBER. Is it not true, as a rule, that the great press of the country in dealing with this subject has simply pointed out the benefits that would accrue to other interests and neglected to say very much about the benefit that would accrue to theirs?

Mr. RIDDER. No, sir.

Senator McCUMBER. Well, just tell me whether that is true or not, as a general proposition.

Mr. RIDDER. As far as I know, it is not true, because the papers have been very frank in stating the paper situation; that they want free wood pulp, or that they want free raw materials.

Senator McCUMBER. When you sent this letter, did you not expect that when you asked the publishers to instruct their correspondents to support this reciprocity agreement that they would so instruct them? That was the purpose of that letter, was it not?

Mr. RIDDER. That was the object I had in view.

Senator McCUMBER. And you expected, then, that in their instructions that they would send out in their reports of daily proceedings, and so forth, practically everything that would be favorable to the bill?

Mr. RIDDER. Oh, no, sir; they did not publish—

Senator McCUMBER. You expected them to?

Mr. RIDDER. We sent out both sides.

Senator McCUMBER. You expected them to support it without saying the favorable things about it?

Mr. RIDDER. Oh, no, sir; we expected that they would speak on both sides, and the record shows just what they did do. If you made a speech against it they would furnish that as well as a speech for it.

Senator McCUMBER. If you expected them to do that, then why would you not naturally have said to them to instruct their reporters to give all of the information that was valuable upon this subject?

Mr. RIDDER. Senator, I explained to you this morning—

Senator McCUMBER. Both for and against.

Mr. RIDDER. I explained to you this morning that the purpose of that was that this Canadian reciprocity was a new departure—a new tariff rearrangement—and I wanted to bring to the attention of those who have also studied the high tariff the importance of looking into this and treating this as a good measure for the country.

Senator McCUMBER. You expected them to publish everything that was favorable to this bill, did you not?

Mr. RIDDER. And then I expected them also to publish anything and everything against it.

Senator McCUMBER. Why did you not also tell them to do that in your letter?

Mr. RIDDER. Shall I tell you—

Senator McCUMBER. You expected them to do both things. Why did you ask them to do only one thing?

Mr. RIDDER. It was practically an intimation to them that this reciprocity bill was a good measure, and also to draw particular attention to the fact that through this reciprocity we would be freed from this trust; that we might escape from their power. I told you that this morning. Now, I do not know that I have stated it in the same language, as I have been asked about it so often, but that was the idea. There never was a thought in my mind—and every man who is a newspaper man knows that there could be no thought in my mind, that we could color the news to suit one side and not the other. That is utterly impossible in the publication of a first-class daily paper.

Senator McCUMBER. I can not understand how you expected them to especially support the bill if you expected them to publish everything on both sides of it, and if the preponderance of evidence was against the bill they would thereby be not supporting it but opposing it.

Mr. RIDDER. Senator, I am convinced that if the whole case were stated, for and against, frankly and fairly, that it would have been reciprocity for us.

Senator McCUMBER. Will you tell me, then, why it is impossible to get both sides of this case before the public through the great press of the country?

Mr. RIDDER. I believe it is; I have read both sides in the papers.

Senator McCUMBER. Well, I would like to know what papers you have read and got both sides of this question from them.

Mr. RIDDER. I think the New York papers have both sides.

Senator McCUMBER. I have not seen very much on the other side of it.

Mr. RIDDER. You understand that I am not contradicting you, Senator. I am only giving you what I know.

Senator McCUMBER. Yes; you are giving what you understand to be the case. I suppose that is all that you could do.

Mr. RIDDER. I am familiar with the business, and I believe that that is true.

Senator McCUMBER. Do you think that the reports that have gone out by the reporters of the Associated Press, who have been present here at these daily hearings, have been reports that fairly deal with both sides of this question?

Mr. RIDDER. Yes, sir; I believe them to be.

Senator McCUMBER. You believe them to be?

Mr. RIDDER. Yes, sir.

Senator McCUMBER. Have you read the testimony that was given on both sides?

Mr. RIDDER. I think that the reports, as far as I can see, represent the vital points of what the witnesses on both sides stated.

Senator McCUMBER. Were you present at any of the times when the farmers' delegations from Minnesota, South Dakota, North Dakota, Michigan, and Wisconsin were giving their testimony?

Mr. RIDDER. I was not.

Senator McCUMBER. Did you read in the press anywhere any particular statement of the effect of that testimony and what it was?

Mr. RIDDER. I read in the papers the statement of their testimony and what it was.

Senator McCUMBER. You simply read that they gave testimony?

Mr. RIDDER. Oh, no, sir—

Senator McCUMBER. Did you read what they said?

Mr. RIDDER. Yes, sir; I read that.

Senator McCUMBER. Can you tell us of anything that was stated by any of the farmers' witnesses of either one of those States against this bill?

Mr. RIDDER. Of course I know their statements; their statements are that they do not want to be brought into competition with a Canadian product.

Senator McCUMBER. Was that all? Did any paper publish their reasons and carry out in detail their statement showing that their reasons were founded upon fact?

Mr. RIDDER. I do not believe any paper published in detail either side of the case, because the papers are not large enough for that, but I think they have covered the essential points, and that they published the essential points on both sides fairly to both.

Senator McCUMBER. How do you account for the fact, which every Senator here must have noticed, that while these farmers were giving their testimony the reporters of the Associated Press leaned back in their chairs day after day, scarcely taking a note, and that the moment any man came to give testimony in favor of this bill every pencil came out, and every pad was on the table, and all of our good friends were studiously at work? And that has been the case all through these hearings. I am stating this as a fact which every Senator knows. Now, will you give us the reason?

Senator STONE. I think the Senator had better confine his statement to his own knowledge. I have not observed.

Mr. RIDDER. I will say to you, that if you can prove that to Mr. Stone, possibly he will make a change in his staff here. I tell you frankly I should think they would lose their jobs if they did that. Without any disrespect to the Senator, I will say we do not run the newspaper business that way.

Senator McCUMBER. Even this day, a gentleman who reports, informed me that he could not get the leading papers to take his articles that supported or purported to give the testimony of those who spoke against reciprocity.

Mr. RIDDER. Every man who wants to have anything put in the paper has a grievance, because if the papers printed everything that is sent to them they would have to be a thousand times larger than they are. The same thing has happened to you that has happened to every one else. I can tell you that I have had my own troubles also to get things into the papers.

Senator McCUMBER. That may be true, but it is a notorious fact that we have been able to get but one side of the question before the public so far as these hearings are concerned.

Mr. RIDDER. You may believe that, but I do not know whether you could prove it.

Senator McCUMBER. Those who know the testimony and see the editorials and the reports—and note that the very material evidence of those who do not favor it is not published at all or even made note of—necessarily come to that conclusion.

Mr. RIDDER. Senator, you will have Mr. Stone on the stand, the manager and responsible head of the Associated Press. Let him explain that.

Senator McCUMBER. I did not know but you knew the reasons. You say you could not sell your paper if you do not print the news?

Mr. RIDDER. No; it would go down.

Senator McCUMBER. Has your paper printed both sides of this proposition?

Mr. RIDDER. It has.

Senator McCUMBER. Has your paper printed the testimony of Mr. Chamberlain, of South Dakota, given before the committee?

Mr. RIDDER. You know our paper would not print every line of testimony, but I will say this to you: It has printed the testimony of those who were opposed to reciprocity in the same proportion as it has printed the testimony of those who were for it. Neither did we print all the testimony that was for it.

Senator McCUMBER. I am not asking you if you printed all the testimony on either side. Have you printed any of the reasons that were given by Mr. Chamberlain for his opposition to this treaty?

Mr. RIDDER. I will state that I can not tell you just now, offhand.

Mr. STONE. He spoke two days here.

Mr. RIDDER. I can not tell you offhand, but I am willing to bet that we did. I know we did take the opposition as well as those for it, because we could not speak as a paper if we did not.

Senator McCUMBER. You read your own paper?

Mr. RIDDER. Yes.

Senator McCUMBER. You know what line of argument Mr. Chamberlain gave?

Mr. RIDDER. I know what his line of argument was.

Senator McCUMBER. What was his line of argument?

Mr. RIDDER. I did not read it. A thousand other things had occupied my attention. I can not study the proceedings of this committee or any other committee.

Senator McCUMBER. I appreciate that.

Mr. RIDDER. I tell you this—that Mr. Chamberlain's testimony was brought out as fully as the testimony of those who were in favor of the bill.

Senator McCUMBER. I would like to know if you went into such testimony as that and gave the reasons which any of these witnesses who spoke on behalf of the farmers gave. Did you give their reasons; not the mere fact that they were opposed to it, but why?

Mr. RIDDER. Oh, in a general way I know why they opposed it, but I do not know how any particular man argued; how he argued

from his standpoint. I have not read these reports here, word for word and line for line.

Senator SMOOT. Do you think the reports were absolutely fair and given according to the amount of testimony presented here by each, whether it was for or against?

Mr. RIDDER. Yes.

Senator SMOOT. Senator Stone says Mr. Chamberlain testified here for two days. If that is the case, then the newspaper report on his statement ought to be just as long as that of Mr. Norris, who testified for two days.

Mr. RIDDER. Now, that is another point. Take Mr. Hastings's report; that was pretty full. Mr. Hastings was a leader of the opposition, and his testimony was printed as fully as Mr. Norris's, who was on the other side. I claim this, that Mr. Hastings's testimony was given as fully as Mr. Norris's, but I can not tell you now off hand just to what extent Mr. Chamberlain's testimony was reported, although I am sure it was reported according to the value of the news and the extent of it. One man might be here a whole week and the newspapers would not consider his testimony of sufficient importance. I do not refer particularly to Mr. Chamberlain, but the news is made up by a man who knows how to make an interesting paper.

Senator SMOOT. You judge by the value of the testimony and not by the length of it?

Mr. RIDDER. I do not think the length has anything to do with it.

Senator SMOOT. We held a hearing at the last session of Congress. Would you think it was fair if all the other witnesses who came before the committee did not have as much space as Mr. Norris had?

Mr. RIDDER. I do not think that was the case.

Senator SMOOT. Are you sure?

Mr. RIDDER. I am quite sure.

Senator SMOOT. Well, we will measure it up some time and see.

Senator GALLINGER. Just one question, and I go back to this much-discussed letter, or telegram, or whatever it is. I have had some experience in newspaper work in my life, and I have always supposed that a newspaper correspondent was expected to give the news without color and without prejudice.

Mr. RIDDER. So they do.

Senator GALLINGER. Now, that being so, why was it necessary to ask the interested publishers to instruct these intelligent men, who are expected to do the very thing I have suggested?

Mr. RIDDER. Because the membership of the publishers' association were being robbed by the trust, and I drew their attention to the fact that this was a means of attacking the trusts.

Senator GALLINGER. Why should they have been put under duress to give one side of a public question?

Mr. RIDDER. No; they were not under duress. I considered that as president of that association I should advise the members with regard to this reciprocity measure, to draw their attention to it.

Senator GALLINGER. Well, I can not see the philosophy of your position, but I suppose it satisfies you. Are there any independent manufacturers of news printing paper?

Mr. RIDDER. How do you mean independent?

**Senator GALLINGER.** You say there is a trust—that is a debatable question—but outside of that so-called trust.

**Mr. RIDDER.** I think they are all in a “gentlemen’s agreement” to fix prices.

**Senator GALLINGER.** You think all?

**Mr. RIDDER.** Practically all the large manufacturers.

**Senator GALLINGER.** Now, if the Associated Press operates at just the cost of gathering news, is it not probable that the manufacturers of paper are banded together for the purpose of reducing the cost of manufacturing?

**Mr. RIDDER.** Yes; but the report of the Tariff Commission shows that they have nothing to fear from competition in Canada. You see there is a scarcity of water power and raw material here, and we need this virgin country to secure paper.

**Senator GALLINGER.** I do not think you answered my question. The point was, if the Associated Press—

**Mr. RIDDER.** The Associated Press is not the one; it is the American Newspaper Publishers’ Association.

**Senator GALLINGER.** You dwell upon the fact that the Associated Press was a combination or an association or “gentlemen’s agreement” for the purpose of reducing the cost of gathering the news. You say it is an association?

**Mr. RIDDER.** The organization of the Associated Press is a matter of public record.

**Senator GALLINGER.** And they are associated for the purpose of reducing the cost of gathering news?

**Mr. RIDDER.** It is an association for the exchange of news. Mr. Stone will explain that if my knowledge is not sufficient to make it plain to you. The Associated Press is not a trust or a “gentlemen’s agreement” to keep up price or to squeeze anybody or to rob anybody; it is a mutual organization, a cooperative organization for the exchange of news. There is no profit in it.

**Senator GALLINGER.** I recall the fact that a few years ago Col. Taylor started out to establish a paper in Boston, the Boston Globe. He found he was up against it, because he could not get the Associated Press service.

**Mr. RIDDER.** He was in another organization; he had a news service.

**Senator GALLINGER.** But he wanted the Associated Press service.

**Mr. RIDDER.** He had one news service.

**Senator GALLINGER.** He had the best he could get, and he fought until he made good.

**Mr. RIDDER.** At one time he had a service that was better than the Associated Press. Col. Taylor is now one of the directors of the Associated Press.

**Senator GALLINGER.** Why could not he get the Associated Press service at that time?

**Mr. RIDDER.** He did get it.

**Senator GALLINGER.** After he had a hard fight, a long fight.

**Mr. RIDDER.** At that time it was not that Col. Taylor wanted to come in, but we were trying our best to bring him in.

**Senator GALLINGER.** There is a newspaper in my little city that has the Associated Press service. Could I establish a paper in that city and get the Associated Press service?



Mr. RIDDER. Oh, of course, I could not tell what your resources are, but you can publish a paper anywhere in the United States and get a news service of some kind.

Senator GALLINGER. I am talking about the Associated Press. Can a man establish a paper and get the news unless some paper connected with the Associated Press says he can have it?

Mr. RIDDER. I can not answer that.

Senator GALLINGER. That is all I care to ask on that point.

Senator WILLIAMS. Mr. Ridder, how would the Associated Press be benefited by the enactment of the Canadian reciprocity treaty?

Mr. RIDDER. The Associated Press, as the Associated Press? I do not think it would be benefited at all, in any way under the sun.

Senator WILLIAMS. All the inquiries as to the Associated Press are entirely irrelevant to this matter, are they not?

Mr. RIDDER. The Associated Press is not interested in this matter at all.

Senator GALLINGER. The American Newspaper Publishers' Association and the Associated Press come pretty near being Siamese twins, do they not?

Mr. RIDDER. Oh, no; they are not.

Senator SMOOT. Is there a member of the American Newspaper Publishers' Association that is not a member of the Associated Press?

Mr. RIDDER. The Associated Press has about twice as many members as the Publishers' Association.

Senator SMOOT. I asked you if there was any member of the Publishers' Association that was not a member of the Associated Press?

Mr. RIDDER. Yes; there are.

Senator SMOOT. Can you call to mind who they are?

Mr. RIDDER. I could not tell you who they are.

Senator SMOOT. I know there are many newspapers using the Associated Press.

Mr. RIDDER. The New York Sun is a member of the Newspaper Publishers' Association and is not a member of the Associated Press. They have their own service.

Senator SMOOT. I suppose that would be about the only one.

Mr. RIDDER. No; there are others.

Senator WILLIAMS. How about country papers?

Mr. RIDDER. They can not pay for the service at all.

Senator WILLIAMS. Are any of them members of the Press Association, of the larger association?

Mr. RIDDER. There are in the Associated Press six or seven hundred members; Mr. Stone can tell you exactly. The American Newspaper Publishers' Association, I think, has about 308 members, and the Associated Press double that many.

Senator CLARK. In answer to Senator Stone, who was interrogating you in regard to this dispatch, I understood you to say you sent out this suggestion with regard to the correspondents because of the fact that this agreement would be a great national blessing.

Mr. RIDDER. I did not say that.

Senator CLARK. That was the inference I drew; I believe you did not use those words. I do not think this reflects at all upon you as a business man or as a citizen, but just what was the reason you sent out that dispatch? Just what was the reason that impelled you to

send out this dispatch to the editors, asking that their correspondents be instructed to send favorable reports?

Mr. RIDDER. I did not send it to the editors, I sent it to the owners of papers.

Senator CLARK. This says here: "By request, private to editors." Whoever you sent it to is immaterial.

Mr. RIDDER. That was sent over the wires, but not as a news item, the words, "by request," showing that it was not a news item, but that it was my request that this go to the owners of the papers. It was not a request to publish anything; simply a request to send it.

Senator CLARK. What was the reason that prompted you to send this to these people, whoever they were?

Mr. RIDDER. The reason was that I, as president of the association, had been fighting this trust for years.

Senator CLARK. You say nothing about the trusts. I do not want to curtail your answer, however.

Mr. RIDDER. When this agreement was under consideration, then I considered it my duty to draw the attention of our members to the fact of how important it would be to them.

Senator CLARK. Yes; then I was misinformed or I misunderstood your reply to Senator Stone. I understood you to say that you wanted that course taken because it was a good course for the country.

Mr. RIDDER. I would not have sent that out if I had not considered reciprocity a good course for the country.

Senator CLARK. I know; but did you send it out for this reason or for the reason you gave: "Because print paper and wood pulp are made free by this agreement"?

Mr. RIDDER. I pointed that out to them.

Senator CLARK. That was the reason you gave?

Mr. RIDDER. It reads for itself; whatever I wrote there stands.

Senator CLARK. That is what I thought. You were moved not so much by a large sense of public good as by the selfish motives that ordinarily move men in things of this sort?

Mr. RIDDER. Not entirely. If we were not interested as publishers I would not have sent out this telegram directing their attention to it.

Senator CLARK. You would not then be under the necessity of having these reports colored.

Mr. RIDDER. It would not have been my duty. But I would not have sent out that telegram favoring reciprocity unless I also believed that the reciprocity agreement as a whole would benefit the country. Whether you believe that or not, that is so.

Senator GALLINGER. Do you think it would benefit both countries?

Mr. RIDDER. Yes.

Senator GALLINGER. Did you send it to Canadian papers?

Mr. RIDDER. There were some Canadian papers on the list, and they were sent to them along with the rest.

Senator CLARK. When you asked them to treat favorably the Canadian reciprocity agreement, did you mean the reciprocity agreement or the reciprocity bill that is now before the House?

Mr. RIDDER. I wanted to treat the whole reciprocity idea faithfully.

Senator CLARK. Are you in favor of the agreement as between this country and Canada?

Mr. RIDDER. I am in favor of the bill as passed by the House.

Senator CLARK. Please answer my question. Are you in favor of the agreement as made between this country and Canada?

Mr. RIDDER. I would not like to say more than I have said.

Senator CLARK. You decline to answer the question?

Mr. RIDDER. No; I do not decline to answer.

Senator CLARK. Did you in one of your communications urge the passage of the agreement as it was made?

Mr. RIDDER. Which agreement?

Senator CLARK. Between Secretary Knox and the Canadian authorities.

Mr. RIDDER. I have favored the bill as passed by the House.

Senator CLARK. Did you not favor the agreement in some of your statements sent out, as it was made?

Mr. RIDDER. By whom?

Senator CLARK. Between the Secretary of State and the Canadian authorities.

Mr. RIDDER. I favor the whole reciprocity idea. I could not answer that question because there have been so many changes——

Senator CLARK. In one of your letters you say:

May I invite your attention to the point that promptness in ratifying the reciprocity agreement of the United States with Canada is of the utmost importance to newspapers?

Mr. RIDDER. That is right.

Senator CLARK. What did that refer to; the agreement which is the basis of this legislation?

Mr. RIDDER. I can not approve of any agreement which I have not before me and which I know nothing about.

Senator CLARK. Will you please examine it and see if that is a communication of yours?

Mr. RIDDER. That is right; I sent that out among many others.

Senator CLARK. You say in this:

DEAR SIR: May I invite your attention to the point that the promptness in ratifying the reciprocity agreement of the United States with Canada is of the utmost importance to newspapers?

What agreement do you refer to there?

Mr. RIDDER. To the whole bill as passed by the House.

Senator CLARK.

There is danger in amendments, or changes, or delay. The two Governments had a tacit understanding that the arrangement would go through as framed.

Those are the exact words.

Mr. RIDDER. Your question is technical.

Senator CLARK. My question is absolutely not technical.

Mr. RIDDER. You are talking about an agreement and I do not know what that agreement is. There may have been some clause, some amendment, which I do not remember. I stand by this, Senator, that what I favor is the bill as passed by the House.

Senator CLARK. When was the bill passed by the House?

Mr. RIDDER. I could not tell you that.

Senator CLARK.

The two Governments had a tacit understanding that the arrangement would go through as framed.

I give you the credit of believing you made a careful study of this reciprocity bill. Was the bill as passed in accord with the agreement

as framed? You say you spent some time traveling up and down agitating this question.

Mr. RIDDER. That was during the fight against the Paper Trust in 1908, when I passed up and down; not last winter. Mr. Norris was the one who did the work here last winter.

Senator CLARK. You say this, that I have read here, has reference to a bill passed by the House?

Mr. RIDDER. Yes, sir.

Senator CLARK. How does it happen that this letter is written March 15? I suppose that was after the bill had been passed before. Do you know whether the bill this year is as it was passed in the winter?

Mr. RIDDER. You can not make me say——

Senator CLARK. I am not trying to make you say anything.

Mr. RIDDER. That I favor any bill but the bill I favor. I favor the bill as passed by the House.

Senator CLARK. How about this? This has no reference to any bill.

Mr. RIDDER. When I walked about this place for three months I favored reciprocity—free paper. I had no particular bill in view. I can not follow it step by step, but I have no doubt there were many drafts of this bill before it was agreed upon.

Senator CLARK. Let me read what you have written here:

There is danger in amendments or changes or delays.

You are referring not to any bill, but to the reciprocal agreement between the United States and Canada. Then you say:

The two Governments had a tacit understanding that the arrangement would go through as framed. The difficulties attending ratification on the Canadian side may be increased greatly if there is hesitation or an attempt on our part to make a new trade.

Will you kindly urge, through your publication and by letters to your Representative and Senators, that the agreement as made by the State Department be passed speedily by Congress and without amendment?

Now, that is not what you are advocating here to-day?

Mr. RIDDER. I am advocating the House bill.

Senator CLARK. This is not the House bill.

Mr. RIDDER. I think it makes very little difference.

Senator SMOOT. The letter says nothing about the bill.

Mr. RIDDER. I am in favor of the House bill. I am in favor of the reciprocal agreement. I am in favor of what President Taft is doing.

Senator CLARK. Are you in favor of the agreement that was made between the State Department and Canada? You will not say whether you are in favor of this agreement?

Mr. RIDDER. I am in favor of the House bill, and against everything else but that.

Senator CLARK. Do you know the agreement? Have you read it? You have never read the agreement between the United States and Canada?

Mr. RIDDER. You are talking of some agreement——

Senator CLARK. The only agreement that has been made; the agreement between the Secretary of State and Canada?

Mr. RIDDER. I know the House bill thoroughly.

Senator CLARK. I am not talking about the House bill; I am talking about the agreement which is the basis of the bill. Do you know what the agreement is?

Mr. RIDDER. I do not understand you, and I can not answer what I do not understand. I am in favor of the House bill, and I am in favor of nothing else. I am not going to help the opponents of the bill by letting them use me by appearing to say through some stray expression that I am against this bill. I am for the House bill. That is the one thing I am for.

Senator CLARK. I ask you if, in addition to the House bill which you say you favor, you are in favor of the agreement between the United States and Canada?

Mr. RIDDER. Oh, no; I am in favor of the House bill.

Senator CLARK. Are you against the agreement made by Secretary Knox?

Mr. RIDDER. I am in favor of the House bill. That is what I am in favor of.

Senator CLARK. Why are you opposed to allowing our paper to go into Canada free?

Mr. RIDDER. Do you think that they could sell paper in Canada?

Senator CLARK. I am not asking that; never mind. The agreement was a reciprocal agreement, providing for the free interchange of all these things. What is wrong in that?

Mr. RIDDER. About what?

Senator CLARK. About that agreement; the reciprocal agreement to allow our stuff to go in there free if their stuff of like sort comes in here free.

Mr. RIDDER. No, sir; if you are going to take up that discussion I would say that is another phase. I thought you were going to ask me about what I do.

Senator CLARK. In this article which I read here, you stated distinctly that you are in favor of the agreement made by our Secretary of State. Now, I ask if you are still in favor of that agreement?

Mr. RIDDER. You are leading me on to a discussion which I do not understand.

Senator CLARK. I simply want to know if you have changed your mind?

Mr. RIDDER. When I tell you I am in favor of the House bill, I—

Senator CLARK. In other words, we have got to take the House bill or nothing if you have your way? Have you lost that fear you had when the letter was written, that if Congress changed this agreement in any way it would not go through?

Mr. RIDDER. How do you mean it would not go through?

Senator CLARK. You expressed yourself in this letter to which I have called your attention—

Mr. RIDDER. I am with the friends of the bill; not with the enemies of the bill.

Senator CLARK. You are very elusive, Mr. Ridder. I do not know whether you intend to be or not. You say that there is danger in amendment or changes or delay. You are referring to the reciprocity agreement; you were not referring to the bill. You said there was danger in amending or changing or delaying. Now you advocate a bill that does change that agreement.

Senator WILLIAMS. That is not right.

Senator CLARK. That is what he says.

Senator WILLIAMS. You say it changes the agreement; I say it does not.

Senator CLARK. Nearly all friends of the bill say it does.

Mr. RIDDER. I now repeat very distinctly that I am in favor of the House bill and nothing else.

Senator GALLINGER. This morning I called attention to the fact that in January last you issued a circular—I think I read a portion of it—calling attention to the fact that you were in favor of the agreement between Canada and the United States.

Mr. RIDDER. I can make no other answer—

Senator GALLINGER. In that these words are found: "And when the President of the United States shall have satisfactory evidence and shall make proclamation that such wood pulp, paper, and board are admitted into Canada free of duty." Is that language in the bill that is before the house?

Mr. RIDDER. That is the bill I favored.

Senator CLARK. You favored this last January?

Mr. RIDDER. I did not favor anything but this bill.

Senator CLARK. The bill had not passed the House. It had not been incubated then.

Mr. RIDDER. I know where I stand to-day, and I am in favor of the bill.

Senator McCUMBER. Just one question. We think—those who represent the agricultural States—that the rest of the country has not treated our side of this question fairly. You seem to think that the press of the country has treated us fairly, and you state that you have given the same consideration to the testimony that was taken here on the farmers' side of the question as to the testimony on the other side. Well, I would be pleased to know to what extent that is true. Your paper probably is the same as most papers, and I would be glad, therefore, if you would send us the report that you published in your paper concerning the testimony of Prof. Chamberlain and Mr. Lyon, of South Dakota; Mr. Twitchell and Mr. Kingman, of North Dakota; and of Mr. Wilkinson, of Minnesota; and then of Mr. Norris.

Mr. RIDDER. Senator, suppose that I send you all we had on both sides?

Senator McCUMBER. I am asking you just on this, because I assume that you have probably given both sides of the paper controversy.

Mr. RIDDER. I will send all of them.

Senator McCUMBER. I ask this for the committee, not for myself.

Mr. RIDDER. I will do it for you, too, if you want me to.

Senator McCUMBER. I am not asking that you go outside of the names I have mentioned. Will you file with this committee the publications of your paper in which you deal with the testimony of Mr. Chamberlain and Mr. Lyon, of South Dakota; of Mr. Twitchell and Mr. Kingman, of North Dakota; Mr. Wilkinson, of Minnesota; and of Mr. Norris?

Senator WILLIAMS. Do you desire it sent in German or in English?

Senator McCUMBER. He has printed it in German. I suppose it will be in German.

Mr. RIDDER. We will furnish anything we have.

The CHAIRMAN. Are there any further inquiries to be addressed to Mr. Ridder by the committee?

Senator WILLIAMS. I would add to the request of the Senator from North Dakota that you send all of your reports of the hearings be-

fore this committee. I think that is fair. Now, I would like to ask you some questions about this. This communication is dated March 15. In the House of Representatives, at the last Congress, there was a bill passed to enact Canadian reciprocity into law?

Mr. RIDDER. March 15?

Senator WILLIAMS. Yes.

Mr. RIDDER. I believe not.

Senator WILLIAMS. In this letter you say: "May I invite your attention to the point that promptness in ratifying the reciprocity agreement of the United States with Canada is of the utmost importance to newspapers?"—using the word "agreement." Did you use it to mean what the House of Representatives and the President meant by the agreement, or did you mean an agreement as it would be expressed by the Senator who has just been interrogating you?

Mr. RIDDER. I am in favor of the bill as it is.

Senator WILLIAMS. Did or did you not take it for granted that the bill as it passed the House—

Mr. RIDDER. Would be the right bill, of course.

Senator WILLIAMS. Was the agreement as it was conceived to be by the Members of the House and by the President of the United States, whose administration had negotiated the treaty?

Mr. RIDDER. That is what I have been trying to say all day.

Senator WILLIAMS. Now, there is another letter written by you prior to the time that the House had passed any bill at all, if I understand it correctly. In that letter you still used the word "agreement." In your opinion, is or is not the agreement, as you understand it, fairly expressed by the House bill?

Mr. RIDDER. That is my idea of the agreement.

Senator WILLIAMS. And being fairly expressive of the agreement, then you are in favor of the passage of the House bill?

Mr. RIDDER. That is the bill I am in favor of.

Senator WILLIAMS. Would or would not the fact that the President, whose administration made the agreement, was opposed to the Root amendment have any weight with you in determining whether or not the bill reflected the agreement?

Mr. RIDDER. I would accept the President's view.

Senator GALLINGER. Did you observe that the President, in his Chicago speech the other night, distinctly stated that the amendment was not in accordance with the agreement?

Mr. RIDDER. I do not think I should have any discussion criticizing the President.

Senator GALLINGER. I am not criticizing the President.

Mr. RIDDER. If you want to know what I am in favor of, I am in favor of the House bill, and I think that embodies the ideas of those—

Senator WILLIAMS. I find this language in the amendment:

And when the President of the United States shall have satisfactory evidence and shall make proclamation that such wood pulp, paper, and board, being the products of the United States, are admitted into Canada free of duty.

Do you or do you not take for granted that the President will not issue such a proclamation unless he is satisfied that those facts exist?

Mr. RIDDER. Yes; I would trust to the President for that.

Senator CLARK. Mr. Ridder, did I understand that you had fully read in detail and studied the agreement made by Secretary Knox?

Mr. RIDDER. By whom?

Senator CLARK. Secretary Knox; the agreement with Canada made by Secretary Knox?

Mr. RIDDER. The agreement he made?

Senator CLARK. Yes.

Mr. RIDDER. No; I have not seen that agreement.

Senator CLARK. And have not read it?

Mr. RIDDER. I read whatever was published of it.

Senator CLARK. You have not seen the agreement. Then, as a matter of fact, you are unable to say whether or not this House bill is in accordance with that agreement or not?

Mr. RIDDER. Senator, I do not want to get into any discussion with you, and I will ask you to excuse me from answering questions of that kind.

Senator CLARK. It seems to me it is a very proper question and does not need very much discussion.

Mr. RIDDER. I think that if you wish to know my views, if they have any influence upon you, I stated very clearly and distinctly that the House bill represents the views of the House and of the President and of the people of the country, and we are in favor of that, and we think it covers the situation very thoroughly, and I think anything else would defeat the purposes of the bill.

Senator CLARK. You do not know whether or not the bill represents the agreement that was actually made?

Mr. RIDDER. I do not like to answer that question—

Senator CLARK. In view of the fact that you have not studied the agreement—

Mr. RIDDER. I would not even like to answer that question, because I am perfectly willing to admit that I know nothing at all.

Senator CLARK. That is quite satisfactory.

Senator HEYBURN. With respect to the telegram or message, in whatever form that was, that you sent to the Montreal Star, to which your attention was called, I want to ask you whether you sent that message and telegram in any form to other Canadian papers?

Mr. RIDDER. The telegram probably went to all the papers which were members of the Publishers' Association, and the Montreal Star and the other Canadian papers, which were the members of it, got the telegram just as the United States papers got it.

Senator HEYBURN. Do Canadian papers belong to your association?

Mr. RIDDER. Yes, sir; some of them.

Senator HEYBURN. How many?

Mr. RIDDER. I could not tell. There may be seven or eight.

Senator HEYBURN. And you sent the same message to all of them?

Mr. RIDDER. I suppose they got it, being on the list. I did not write out every telegram. I wrote it and told them to send it to all the members. I could not say it went to them, but I believe it did.

Senator HEYBURN. You were importuning the Canadian papers along the same line that you were importuning the American papers?

Mr. RIDDER. I sent them the same material as the American papers.

Senator SMOOT. Will you tell the committee what the object and purpose of the American Publishers' Association is?



**Mr. RIDDER.** The American Publishers' Association is an association to act for the interests of the newspapers. For instance, collect bills, advertising agents, and general items affecting the whole interest; for instance, the labor question.

**Senator SMOOT.** Do you have any system of collecting assessments of any kind?

**Mr. RIDDER.** The initiation fee is \$75 and the annual dues \$75.

**Senator SMOOT.** And that is the only assessment?

**Mr. RIDDER.** No. They have to keep up the labor bureau. We have very extensive relationships with the labor unions, and so we have a man that looks after them—a department for them, and the typesetting machines are taxed in proportion.

**Senator SMOOT.** That is taxation on typesetting machines?

**Mr. RIDDER.** Yes; covering the labor, and it is taxed by the typesetting machines because each one pays in proportion to the number of men he employs.

**Senator SMOOT.** Is there any other assessment?

**Mr. RIDDER.** Oh, yes; paper assessment for the paper committee.

**Senator SMOOT.** For the paper committee?

**Mr. RIDDER.** Yes, sir.

**Senator SMOOT.** How is that made?

**Mr. RIDDER.** That is made at the rate of 5 cents per ton.

**Senator SMOOT.** And every member of your association has to pay 5 cents per ton?

**Mr. RIDDER.** No; they should all pay. Most of them have paid; some have not paid.

**Senator SMOOT.** I have a letter of yours of November 10, 1909, in which it says:

**MY DEAR SIR:** We need your contribution of \$55 to the paper fund for the year 1909 to avoid a deficiency. Is it fair to other members to let them bear your share of the cost of this effort, especially as you have derived material benefit from it? Practically every newspaper will have gained to the extent of \$7 per ton during the year 1909 and for the year 1910 through this feature of the association's work. Why, then, hesitate about the payment of 5 cents per ton? I can not conceive of any better outlay and insurance that you and I can make in the management of our respective newspapers than the maintenance and stimulation of this work. \* \* \*

The imminence of a trade war with Canada as a result of the import duty on print paper and the threatened stoppage of the supply of Canadian pulp wood to American mills raises questions that directly affect paper prices, and it is absolutely essential that you and I and all of us safeguard the newspaper interest in print-paper supply.

Do you know how much money you collect a year for this purpose?

**Mr. RIDDER.** I can tell you, about, I think.

**Senator SMOOT.** Tell us about how much.

**Mr. RIDDER.** From \$15,000 to \$20,000 a year.

**Senator SMOOT.** That is a little more than was paid to Allen & Graham for the farmers?

**Mr. RIDDER.** I do not know what they were paid, but we do not pay any outsider.

**Senator STONE.** The farmers did not pay anything; they got it from other concerns.

**Mr. RIDDER.** This was the expense of that department.

**Senator SMOOT.** Will you tell the committee what you used the money for?

Mr. RIDDER. Yes; we paid Mr. Norris's salary; it was \$15,000 a year. The rest was used for postage, telegrams, etc.

Senator SMOOT. Fifteen thousand dollars a year for Mr. Norris's salary?

Mr. RIDDER. Yes.

Senator SMOOT. And expenses besides that?

Mr. RIDDER. Oh, of course.

Senator SMOOT. And so the great bulk of it went to Mr. Norris?

Mr. RIDDER. A large part; but, of course, Mr. Norris was worth more than that.

Senator SMOOT. Let us see. Four thousand two hundred and fifty tons of paper manufactured in the country a day, is there not?

Mr. RIDDER. You know.

Senator SMOOT. That amount is used by the papers of this country, because it is all sold. Five cents a ton would be over \$200 a day—\$212.50.

Mr. RIDDER. Don't you waste any time. What I tell you is true. It is all we collected—between fifteen and twenty thousand dollars per year; and if you would like to have the exact figures, I can give them to you.

Senator SMOOT. Mr. Hearst's paper uses one-tenth of that amount—400 tons a day. Did he pay his 5 cents?

Mr. RIDDER. He did not pay a cent.

Senator SMOOT. Did the other papers of the association pay?

Mr. RIDDER. I think out of the 308 papers belonging to the association 250 or 260 paid. I can give you those figures; I have not got them in my mind, but there was no more money raised, except to pay, for instance, the man in our labor department, who received a salary, and Mr. Norris in the paper department, who receives a salary. And the rest of the money simply went for telegrams and postage, and the office expenses, typewriting, etc.; but no money went outside of that, not a penny, and there was not any more than \$20,000 a year collected on the average for the whole time. But I am perfectly willing to have a statement made out for you.

Senator SMOOT. I would be glad to have the statement showing amounts paid.

Mr. RIDDER. Fifteen thousand or 16,000 or 17,000 weekly papers do not pay a cent. You see, there are over 2,000 daily papers, and only 300 of them belong to the association. Only the strong papers belong to the association—the big papers—and they carry the whole thing, and they always carried all the expenses; labor and everything falls on them—not only paper, but every expense.

Senator STONE. Did I understand that that letter read by the Senator from Utah was addressed to him?

Senator SMOOT. Signed by him?

Senator STONE. Was the letter addressed to you?

Senator SMOOT. Oh, no.

Senator STONE. Who was it addressed to?

Senator SMOOT. There is no name on here, but I suppose it went to the papers of the country.

Senator STONE. Just a circular.

Senator SMOOT (to Mr. Ridder). Are you a member of the Greater New York Publishers' Association?

Mr. RIDDER. Yes, sir.

Senator SMOOT. What is that association?

Mr. RIDDER. That is a local association.

Senator SMOOT. What are the purposes of its organization?

Mr. RIDDER. They attend to local matters.

Senator SMOOT. Do they ever agree on advertising rates?

Mr. RIDDER. No.

Senator SMOOT. You never discussed that at all?

Mr. RIDDER. No agreement. There is no agreement as to advertising rates.

Senator SMOOT. That is not what I asked. You never discussed the question of advertising rates?

Mr. RIDDER. I believe not. Not that I can remember of.

Senator SMOOT. Have you ever agreed upon the size of the Sunday papers and subscriptions for Sunday papers?

Mr. RIDDER. You mean, has the association made an agreement?

Senator SMOOT. I mean the members of the Greater New York Publishers' Association—has the association agreed upon a price for the Sunday papers?

Mr. RIDDER. There has never been an agreement made in the association.

Senator SMOOT. Have the members of the association made that agreement?

Mr. RIDDER. The Sunday papers are all 5 cents.

Senator SMOOT. I know that. Have you, then, ever agreed with anybody that they should be 5 cents?

Mr. RIDDER. No; I made my paper 5 cents when the others were 3 and 4 cents.

Senator SMOOT. They are now 5 cents?

Mr. RIDDER. I made no agreement. I went to 5 cents myself.

Senator SMOOT. There is no agreement?

Mr. RIDDER. No agreement with anybody.

Senator SMOOT. No agreement with any other paper?

Mr. RIDDER. Other German papers were 3 and 4 cents, and I went to 5 cents, and I did not ask them to go to 5 cents with me.

Senator SMOOT. Do you know of anyone else making that agreement?

Mr. RIDDER. I do not.

Senator SMOOT. Do you know whether there was an agreement to charge 1 cent in the city and 2 cents in the country—

Mr. RIDDER. I know nothing about that. There is no such agreement.

Senator SMOOT. You never heard of it?

Mr. RIDDER. There is no such agreement, and I never made such an agreement.

Senator SMOOT. Have you never discussed that question in the association?

Mr. RIDDER. Not that I know of.

Senator SMOOT. Was not there an agreement to hold up advertising rates against Mr. Wanamaker?

Mr. RIDDER. No, sir.

Senator SMOOT. Did not the New York Evening Mail break that agreement?

Mr. RIDDER. No, sir; there was no such agreement or attempt to make an agreement, not with Mr. Wanamaker.

Senator Smoot. You never heard of it before?

Mr. RIDDER. I never heard of it. There never was such an agreement with Mr. Wanamaker or anybody else to make any uniform advertising rates.

Senator Smoot. You never heard of it?

Mr. RIDDER. I not only never heard of it, but it is not true. I did not hear of it, and I say it is not true.

Senator Smoot. You never heard of it before?

Mr. RIDDER. I never heard of it, no. This is the first time I ever heard of it, and it is not so. There is no such agreement of any kind to hold up Mr. Wanamaker or anybody else.

Senator Smoot. Did you ever say to Mr. David S. Cowles or Col. Whiting, during the Mann investigation, or subsequently, that if you could get a low price for your paper you would call off the attack on the manufacturers in the effort to get free paper?

Mr. RIDDER. I never said such a thing, and never dreamt such a thing, and you can not bring Col. Cowles here to say that. It is absolutely false and entirely taken from nothing at all. I do not believe these men would degrade themselves to come here and make a false statement like that.

Senator Smoot. I asked you the question.

Mr. RIDDER. I am frankly telling you that that is not only not true, but I do not believe that these men would make such a falsehood as that.

Senator Smoot. I asked you, Mr. Ridder, if you had made the statement, and you said no.

Mr. RIDDER. You can look at me. Do you think I am a man to do business like that?

Senator Smoot. On January 23, 1909, in your bulletin No. 1937, your association asks its members to post the committee on paper upon quotations made them, as it is not possible to expect the committee to have knowledge of such figures if members neglect to advise it. Do you not think that is a combination in order to buy paper cheaper?

Mr. RIDDER. No; that was simply to secure information. This information was printed, and that was sent also to the news-paper makers, as well as to the publishers.

Senator Smoot. You secured the information, just the same as Mr. Hastings secured information as to the amount of paper that is on hand in every manufacturing concern in the country?

Mr. RIDDER. They are not alike. He controlled the output.

Senator Smoot. And you wanted the information as to all quotations to purchase as cheap as you could?

Mr. RIDDER. Oh, no; we are protecting ourselves against the trust—against the combination. We are the victims of that thing. We did not get this thing up. We only started to look after this when they tried to force us to pay unreasonable prices.

Senator Smoot. You got paper as low as \$1.85?

Mr. RIDDER. I got paper as low as \$1.75.

Senator Smoot. And what is the highest price you paid for paper?

Mr. RIDDER. I paid \$2.50. They put me up to \$1.75 and \$2 and \$2.50; and then I got \$2.45—5 cents off. I practically paid \$2.50.

Senator Smoot. How long have you paid that?

Mr. RIDDER. Practically four years.

Senator SMOOT. Did you make a contract?

Mr. RIDDER. I had to make a contract or stop the publication of my papers.

Senator SMOOT. What year was that?

Mr. RIDDER. 1907; that is, when it commenced, and it ran into 1908.

Senator SMOOT. What was it in 1909?

Mr. RIDDER. \$2.45, or it was something near that, something along that.

Senator SMOOT. About the time there was a threatened strike in the International Paper Co.?

Mr. RIDDER. That was last year. I did not buy from the International Paper Co.

Senator SMOOT. You do not buy your paper from them?

Mr. RIDDER. No; not since they made this combination and forced prices up.

Senator STONE. You made a statement a little while ago that prices were cheaper in Canada.

Mr. RIDDER. The paper is cheaper in Canada than it is here.

Senator SMOOT. Can it be made cheaper in Canada than it is here?

Mr. RIDDER. No; I do not believe it can be made any cheaper, Senator, except that they have the raw material.

Senator SMOOT. What is the amount of advantage?

Mr. RIDDER. The advantage of that is that they have to have raw material.

Senator SMOOT. I mean the amount of the advantage.

Mr. RIDDER. You know the report of this committee by the President.

Senator SMOOT. The Tariff Board?

Mr. RIDDER. The Tariff Board; that shows just what the relative cost is.

Senator SMOOT. That shows a difference of \$5.35.

Mr. RIDDER. I thought the President explained that very thoroughly on Saturday night in his speech.

Senator SMOOT. He explained the way he was told, and you are perfectly willing to accept that. Are you willing to accept his statement as to the Root amendment?

Mr. RIDDER. I agree entirely with the President on that.

Senator SMOOT. On both of them?

Mr. RIDDER. On the whole reciprocity matter. Of course, I am against the Root amendment.

Senator SMOOT. You think, then, that Canada having an advantage of \$5.35 in the cost of material, there should be no tariff on paper?

Mr. RIDDER. We want the paper mills in this country to get free raw materials, so they can manufacture cheaper.

Senator SMOOT. Does it not also let in paper free?

Mr. RIDDER. I hope so.

Senator SMOOT. Then, if there is \$5.35 difference in the raw material, as you say, letting the paper in free would not be an unjust treatment of the paper manufacturers of this country?

Mr. RIDDER. That would not be unjust treatment of a criminal trust.

Senator STONE. I would like to inquire whether the witnesses have been subpoenaed to come here for argument, or to discuss what they have done.

Senator SMOOT. I am asking questions and he can answer them or not, just as he pleases.

Senator STONE. It is purely argumentative.

Senator SMOOT. No; not argumentative nor leading questions the same as the Senator has been asking. I am asking questions, and it is for him to say whether he wishes to answer them or not.

Senator CLARK. I would suggest that you confine your questioning to the line of questions adopted by Senator Stone in the case of Allen & Graham.

Senator STONE. I did not ask any leading questions of Allen & Graham. I asked whether certain things were true, whether they did such things, whether they received money from certain men, whether they had contracted to pay for certain services. That is not argumentative, but a question calling for a fact within his knowledge. I entered into no debate with the witness.

Senator SMOOT. In a speech on April 27, 1911, reported in the New York Journal, or rather in an interview with you, I find this statement: "Our methods in the use of paper are so whimsical that a mill equipped to meet all our needs would require 165 distinct stocks of cores to provide for our varied widths of rolls." Do you think that that has a tendency to add to the cost of manufacturing paper in this country?

Mr. RIDDER. It does not add to the cost of manufacturing paper in this country, because the large newspapers now use nearly one uniform size. I think in New York City most of the papers have one size, and I have been advocating that and bringing it about, so that there would be one size of paper, so that you would not make a size simply for one paper and then another size for another. If a man wants an odd size of paper he ought to pay for it. There are now standard sizes agreed upon and the whole mill can run on that size, and so it does not cost more to make paper that way.

Senator SMOOT. Then the reference made here had nothing to do with the cost of paper at all?

Mr. RIDDER. This reference was an indication to the newspaper men to make their paper as far as possible to fit standard sizes.

Senator SMOOT. Where do you buy your paper?

Mr. RIDDER. I get it from the dealer; the middleman.

Senator SMOOT. Do you know what paper you use?

Mr. RIDDER. How much?

Senator SMOOT. No; what paper.

Mr. RIDDER. I have been getting Great Northern paper, and I have been getting all kinds of paper; some from the Park mill.

Senator SMOOT. Is there an advantage in buying from a middleman?

Mr. RIDDER. No; I am doing the best I can, my friend.

Senator SMOOT. I thought so, and that is the reason I wondered why you had to have a middleman.

Mr. RIDDER. That is also an interesting story.

Senator STONE. Maybe he is a better buyer.

Senator CLARK. Maybe his conscience would not let him buy of the trust.

Mr. RIDDER. The trust would sell to me. I do not say they would not. I do not say anything here that would convey the idea that the paper mills in the trust would not sell to me. I owe that to them, and I would not like to have any statement go out that would carry the wrong idea.

Senator SMOOT. Along in 1908 a great many newspapers of the country thought that it was hardly fair, did they not, to have free print paper. They have all changed their minds, have they not?

Mr. RIDDER. I could not tell you just exactly in what ratio they have, but I think there is a very strong sentiment now behind this reciprocity measure.

Senator SMOOT. Do you believe in the Democratic doctrine of tariff for revenue only?

Mr. RIDDER. I am in favor of a reduction of the tariff, and I am in favor of a Democratic Congress, and I am also in favor of a Democratic President.

Senator SMOOT. I have asked you whether you are in favor of a tariff for revenue?

Mr. RIDDER. I do not think I would like to answer that question without the explanation to go with it, and that would take up so much time.

Senator SMOOT. We are not in any hurry.

Mr. RIDDER. I am in favor of lowering the tariff.

Senator SMOOT. This is not lowering it; this is taking it off entirely.

Mr. RIDDER. Your idea of it is whether I stand on the old Hancock idea of a tariff for revenue only; that is your idea; and then you want to suggest that there ought to be duties, and so forth, and that is a very long story.

Senator SMOOT. It will not be very long if you will answer the question.

Mr. RIDDER. I can not answer it offhand like that. I do not say I do not want to answer it.

Senator WILLIAMS. You mean without a dissertation explaining what you mean by it?

Mr. RIDDER. It seems I can not make myself as plain as I should be.

Senator SMOOT. I thought it was very strange that the newspapers of the country that believe in tariff for revenue would take an article that only had an ad valorem of 10.7 per cent and want that reduced against everything else.

Mr. RIDDER. For that information you must seek elsewhere than from me.

Senator SMOOT. You do not want to answer?

Mr. RIDDER. I would rather not answer it.

Senator SMOOT. Mr. Chairman, I have here an extract from an editorial in the New York American of April 25, 1908, headed "Let the publishers be consistent." I think I will read it.

Mr. RIDDER. Have you read those published lately?

Senator SMOOT. I have one here dated June 1, 1911.

Mr. RIDDER. Have you any of last week?

Senator SMOOT. June 1 I have one—that is four days ago.

Mr. RIDDER. When they wrote that editorial they had paper at \$1.88, and they are now paying \$2.25—quite a difference.

Senator SMOOT. You told us that you paid \$2.50 in 1907.

Mr. RIDDER. I say that they had a contract which gave them paper at \$1.80.

Senator SMOOT. That was a contract for a limited time. So the contract changed their ideas as to what was just and right?

Mr. RIDDER. As to that you might ask them, and not me.

Senator SMOOT. You infer that.

Mr. RIDDER. I am giving you all the information I can; but as to how their minds run and why they do it, subpoena them and ask them.

Senator SMOOT. I think your intimation means that. I do not know that I had better read it, but put it in the record.

Senator WILLIAMS. Are you going to put all the newspapers in the record?

Senator SMOOT. I never objected to anything the Senator wished to put in, and I certainly have not asked to put in all the newspapers.

Senator STONE. You did object the other day to my putting in an article from the New York Herald about the Allen & Graham performance with the Protective League. The Senator from New Hampshire objected, and I think the Senator from Utah, also.

Senator GALLINGER. I objected because I wanted to hear it read; I wanted to know what the New York Herald correspondent was saying.

Senator SMOOT. So far as I am concerned I do not care whether it goes in or not, and I will withdraw the request.

The CHAIRMAN. It is withdrawn.

Senator WILLIAMS. I do not object, provided all of us can put in whatever newspaper articles we want to. I thought we should save them for the floor of the Senate.

The CHAIRMAN. A number of other gentlemen are here by invitation of the committee, and who want to get away as soon as they can to return home, and whenever you are through with Mr. Ridder we will proceed with them.

Senator WILLIAMS. I would like to ask this question: Suppose it were true that it required \$5 a ton more to produce print paper in the United States than it did in Canada, would you think that was a good reason for the Government of the United States holding up publishers and making them pay the \$5 and letting them get it where they could get it the cheapest?

Mr. RIDDER. It is not \$5. I believe the difference in cost of producing paper between here and Canada is nothing. There is no difference, I believe. Paper can be made as cheaply one place as the other.

Senator SMOOT. Notwithstanding the great difference in cost of raw material?

Mr. RIDDER. They must both have free raw material and should have the one thing to bring it about. That is the point. We are interested that the mills of this country may be able to manufacture paper cheaply. We do not want to shut those mills up. We want



them to have free raw material; and, of course, if they have antiquated or out-of-date mills, they can not compete with the modern mills.

Senator BAILEY. You are not of the opinion that taking the duty off of raw material would reduce the price of the paper unless you also took the duty off of the paper, are you?

Mr. RIDDER. Not against the combination.

Senator BAILEY. Well, under any circumstances.

Mr. RIDDER. Oh, yes, sir; if they have an agreement here to keep a certain price up and there is a tariff to protect that, we would suffer by it.

Senator BAILEY. Then all you have to do, if that is true, is to take the duty off of raw material, and that reduced cost of production, according to your theory, would manifest itself in the reduced profit?

Mr. RIDDER. No, sir; I did not say that, Senator.

Senator BAILEY. I thought you did not intend to say it, and that is the reason I called your attention to it.

Mr. RIDDER. I did not say that, but I think this, that in the first place you want raw material for all the mills—at least those in this country as well as in Canada—so that they can make paper here as cheaply as they can in Canada. Then we do not want the duty on the manufactured article at all, which enables them to make a combination here to raise the prices.

Senator BAILEY. But they would do that no matter whether you gave them the raw material or not.

Mr. RIDDER. They have raw material now, practically.

Senator BAILEY. No; we collect on wood pulp quite a sum of money.

Mr. RIDDER. Oh; they have a combination, and they do hold us up; they have held us up, and they do do it.

Senator BAILEY. You mean, do you, that they would hold the price of paper up without respect to its cost of production, and naturally they do that if they have a combination?

Mr. RIDDER. Yes, sir.

Senator BAILEY. And they hold the price of the paper up by this combination irrespective of the cost of production, and therefore it would not affect the price of the paper to admit the raw material free unless you also admitted paper free.

Mr. RIDDER. Yes, sir; but they control the water, and every opportunity to that extent, but they can not put any mills up. They can put them up in Canada, but they would have to do the business on a reasonable profit. If they do that, they would keep the business here; if they do not do it, they would encourage the building of mills in Canada, which would not be the case if they are reasonable.

Senator BAILEY. Your view is, as I understand it, that if they do not take the duty off the raw materials the American manufacturers could not in importing that raw material and paying a duty on it manufacture it?

Mr. RIDDER. No, sir; I do not say that.

Senator BAILEY. That is what I would like to hear you on—what you did say.

Mr. RIDDER. I did not say it in that way. I know the question of raw material. There is no use of leading me in that direction.

Senator BAILEY. I am not leading you. You are a little too suspicious.

Mr. RIDDER. No; I am not suspicious. I am representing a big organization, and everything that I say will be quoted. I must be careful in what I say.

Senator BAILEY. Well, you do not need to be careful about telling the truth.

Mr. RIDDER. That is what I am stating, the truth, but you see I am telling you my view, or our view, and our view is exactly represented in the bill as it passed the House, which covers manufacturing and raw material. That is the conclusion we want. If we get that we will be free of these people. They can get a quantity of private lands—

Senator BAILEY. I am not discussing that phase.

Mr. RIDDER. I know, but that is the phase I want to speak of.

Senator BAILEY. I was not going to even lead you toward that.

Mr. RIDDER. I want to be frank with you, but I do not want to have my position turned upside down.

Senator BAILEY. I am not trying to do it. I am really trying to develop another idea in connection with the tariff question. What I was trying to do was to develop the thought, as I understand you, that you want the raw material free, so that the manufacturers in this country can continue in their business.

Mr. RIDDER. No; that I did not say.

Senator BAILEY. What do you want it free for?

Mr. RIDDER. I did not say that.

Senator BAILEY. Why do you want it free?

Mr. RIDDER. I did not say that, because I know very well under this bill the duty on Crown lands is not relieved.

Senator BAILEY. I am not talking about that.

Mr. RIDDER. Well, I am talking about that.

Senator BAILEY. I wish you would answer my question.

Mr. RIDDER. I am talking on this particular subject. I believe in this bill—

Senator BAILEY. Hold on, now. I asked you a single question, and I protest that I am not trying to reach the question of Crown lands at all. I simply want to know why it is that you want the raw material admitted free.

Mr. RIDDER. I want the raw material admitted free so that they can make cheaper paper here.

Senator BAILEY. That is it? Then you want the paper itself admitted free, because, even though they should have the raw material free and manufacture it at a lower cost, they would not reduce the price of paper to you unless the paper from Canada were admitted free?

Mr. RIDDER. Now, Senator, before I answer that, the condition to secure raw material for the mills here in sufficient supply, and also free white paper, is provided and covered by this bill.

Senator BAILEY. I understand that.

Mr. RIDDER. And this bill is the only way by which we can get both of those.

Senator BAILEY. And you must have both to get what you want?

Mr. RIDDER. I say that this bill corrects the situation and enables the mills here to get as much raw material as they need from the lands which are known as private lands.

Senator BAILEY. You misunderstand me.

Mr. RIDDER. I know, but I do not want to have my statements qualified in any other way. This bill has been a matter of study for a great length of time, and it provides the remedy which we need.

Senator BAILEY. Who has studied this bill for a long time?

Mr. RIDDER. All of them.

Senator BAILEY. We never heard of it until the President sent it here.

Mr. RIDDER. I do not speak of this bill or this agreement; I am speaking of the Canadian paper situation.

Senator BAILEY. I was not trying to indicate anything about those lands. What I was trying to do was this—and it has more reference to the other phase of the question than it does to this that is immediately under consideration—I was trying to develop the fact that free raw material would not amount to anything unless that was accompanied by the free finished product.

Mr. RIDDER. Not against the combination, because they have the advantage, and they put the prices up, and if this reciprocity bill fails, and we do not get this relief, we are entirely at the mercy of the paper combination.

Senator WILLIAMS. Is not the situation like this, that with the free raw material they could produce cheaper?

Mr. RIDDER. Yes, sir.

Senator WILLIAMS. But without the print paper they might not sell any cheaper and so you want both; first, to enable them to produce cheaper and, secondly, to enable them to sell cheaper?

Mr. RIDDER. Yes, sir; and under this bill we can get all the raw material we require and the paper will be let in free, and they can compete.

Senator SMOOT. That principle would apply to every item that comes into the United States.

Mr. RIDDER. I am speaking of this reciprocity. We have to get what we can. I would not want this to fail because it did not cover everything. If it were in my power I would give it, but this remedy, this particular thing, we would get now, and I would extend it as I could.

Senator BAILEY. You have answered Senator Williams' question which was just exactly what I was trying to ascertain. You have an idea that one side is very friendly to you and that the other side is hostile.

Mr. RIDDER. No, sir; I know that you are not unfriendly.

Senator BAILEY. You thought that I was trying to develop—

Senator WILLIAMS. I think my question was plainer. [Laughter.]

Mr. RIDDER. Our whole hope of relief from the Paper Trust is this bill. That is our only hope.

Senator BAILEY. That is the difference in what you suppose to be a friendly and an unfriendly question.

Senator SMOOT. Are you in favor of having print paper and paper under 4 cents a pound come into this country free of duty from all the world?

Mr. RIDDER. I am.

Senator SMOOT. You believe it should all come in free?

Mr. RIDDER. You asked me whether I am in favor of it, and I tell you yes.

Senator HEYBURN. I would like to ask you a question there. In what way would you contribute to the revenues of this Government on the principle of tariff for revenue? You would be absolutely free, would you not, from any contribution?

Mr. RIDDER. I did not commit myself on that proposition. I was very careful not to do it.

Senator HEYBURN. You have not committed yourself, but I merely wanted to have you point out in what manner you would contribute anything to the revenues of the Government.

Senator WILLIAMS. That is a speculative question of a high order of political speculation.

Senator SMOOT. I want to follow this up. Do you admit that labor is less in Germany than in this country?

Mr. RIDDER. Labor is pretty high in Germany.

Senator SMOOT. Pretty high! Do you know what it is in the paper mills? Is it one-third as high as it is in the United States?

Mr. RIDDER. Oh, it is more than that.

Senator SMOOT. Would you change your mind if I could show to you that it is not more than that?

Mr. RIDDER. I am not discussing that phase of the matter.

Senator SMOOT. It is a phase that I want you to discuss. You will admit that it is a great deal less, will you not?

Mr. RIDDER. In Germany than here?

Senator SMOOT. Yes, or in Sweden.

Mr. RIDDER. Not in all parts.

Senator SMOOT. Well, in the manufacture of paper it is less?

Mr. RIDDER. I could not say whether it is or not, and I would not want to say anything that I do not know.

Senator SMOOT. You have no idea?

Mr. RIDDER. Oh, well, I do not want to imagine things. I am only stating the facts. I do not know just what the wages are there. That has not come up. But of course we can not get paper from Germany.

Senator SMOOT. Well, I do not know. If this bill passes, I do not know but what you can get it from Germany free.

Mr. RIDDER. We get it from Canada free.

Senator SMOOT. I do not know but what you can get it from all over the world free if this bill passes in its present form.

Senator WILLIAMS. There is nothing in this agreement about getting it from Germany free.

Senator SMOOT. The favored-nation clause will be operative in its present form.

Senator BAILEY. I will give you a pointer that it will not get in under the favored-nation clause.

Senator WILLIAMS. Let us have reciprocity on beets or some particular thing where you will grant a favor in one direction if they will grant you a favor in another, which this treaty does not do.

Senator SMOOT. There is no reciprocity or favors in this bill.

The CHAIRMAN. Gentlemen, I will say that there are a number of people here who desire to be heard this afternoon.

Senator SIMMONS. I would like to ask a question. Mr. Ridder, you are not claiming that the newspapers are any more entitled to have the materials which they consume in their business cheapened more than any other consumer, are you?

Mr. RIDDER. I claim that we want relief from this oppression that we are laboring under.

Senator SIMMONS. You want your print paper cheaper, and you want to get it cheaper by removing the tariff duties. Now, you do not claim that the newspapers have any greater right to cheaper material than any other element of the people, do you?

Mr. RIDDER. I believe that every business which is subject to the control of the trust, and the trust puts up the prices, should be relieved by having the duty taken off so as to break up the trust.

Senator SIMMONS. That is not the question I wanted to ask you.

Mr. RIDDER. I would take the duty off of everything which was under control of the trust, which forced the prices up by a combination.

Senator SIMMONS. You would have every article produced in this country by a trust—you would have the raw material that they use, and you would have the finished product put on the free list?

Mr. RIDDER. I would as to anything that was controlled by a trust, but I would not hold up part until I got all of it. I would, step by step, get all I could, and as fast as I could.

Senator SMOOT. In other words, you would very much prefer to be under the rule of a foreign trust than an American trust.

Mr. RIDDER. No, sir; we do not want to be under any trust.

Senator SMOOT. The largest trusts in the world are foreign trusts.

Senator BAILEY. I want to ask you one question. You are probably interested in the matter of the influence which this letter of instructions has exerted. Can you tell us how many of your 308 papers are in favor of this treaty and how many are opposed to it?

Mr. RIDDER. I could not tell you; I do not know.

Senator SMOOT. Do you know how many are opposed to it?

Senator BAILEY. I can tell you a few.

Senator SMOOT. In the Associated Press?

Senator BAILEY. Yes; two as good Democratic papers as there are in the world—the Houston Post and the Fort Worth Record—both members of your association. However, that is due to Democratic teaching.

Senator SIMMONS. Mr. Ridder, in this telegram that was referred to here repeatedly, and which I believe is dated February 17, you state to the newspapers very frankly the reasons why you want them to favor the reciprocity treaty. Now, do you think the newspapers of your association have stated to the people with equal frankness the reason why they are favorable to it?

Mr. RIDDER. I think many papers have.

Senator SIMMONS. Do you think all the papers in your association have?

Mr. RIDDER. They have denounced this Paper Trust, and exposed it.

Senator SIMMONS. Can you name any paper in your association that has stated frankly to the people that they wanted this treaty because it would reduce print paper?

Mr. RIDDER. Do you mean that that was the only reason?

Senator SIMMONS. No; you have stated very frankly in this telegram that the reason you thought that they ought to treat this treaty favorably is because it puts print paper and wood pulp on the free list. Now, can you give the name of any paper in your association that with equal frankness—you did not say anything about anything but print paper; you did not give any other reason in this telegram except the effect of the agreement in cheapening print paper—can you name any paper of your association that has stated that its position in favor of the treaty was due to the fact that it would reduce the price of paper?

Mr. RIDDER. Do you mean in the same language that I stated it there?

Senator SIMMONS. In substance.

Mr. RIDDER. I could not answer that question.

Senator SIMMONS. You can not name any paper that has done that?

Mr. RIDDER. I do not think I can.

Senator SIMMONS. I have not seen any myself that stated it with the same degree of frankness as this telegram.

Senator HEYBURN. Now, I would like to ask you in regard to the income of your association. If I am correct in my recollection, there were four items. One was the assessment per ton, which you say amounted to perhaps \$20,000.

Mr. RIDDER. On an average.

Senator HEYBURN. The other was the initiation fee of \$75.

Mr. RIDDER. That does not produce much.

Senator HEYBURN. You have also testified that certain items, among which was the initiation fee of \$75. How much do you realize from that fee?

Mr. RIDDER. If we had 20 members last year, it would only be \$1,500.

Senator HEYBURN. I am not speaking of new members.

Mr. RIDDER. The initiation fee is paid by new members.

Senator HEYBURN. Do the others pay it?

Mr. RIDDER. Yes; years ago. The association is 10 or 15 years old.

Senator HEYBURN. And during that time you have received \$75 from each of those papers as an initiation fee?

Mr. RIDDER. Yes, sir.

Senator HEYBURN. You also said, if my recollection is correct, that in addition to that they pay annual dues of \$75?

Mr. RIDDER. Yes, sir.

Senator HEYBURN. How much does that amount to?

Mr. RIDDER. Three hundred papers amount to \$22,500.

Senator HEYBURN. What other items did you give?

Mr. RIDDER. Then the tax on the typesetting machines for the labor bureau.

Senator HEYBURN. How much does that amount to?

Mr. RIDDER. I suppose that brings in fifteen or twenty thousand dollars.

Senator HEYBURN. Now, give us the other items to which you refer.

Mr. RIDDER. Then the amount of paper, 5 cents per ton, would produce also an average of \$20,000.

Senator HEYBURN. Now, what other items?

Mr. RIDDER. Then they have a large collection agency, and in that they charge, like a collection agency, a small sum like a bank does for collecting bills.

Senator HEYBURN. So that you have an income of about \$40,000 outside of your initiation fee?

Mr. RIDDER. We have more than \$40,000.

Senator HEYBURN. How much more?

Mr. RIDDER. The annual dues produce say \$20,000, the typesetting machine tax for the labor bureau, \$20,000, and paper \$20,000—in round numbers I would say \$60,000. That might be \$5,000 more or \$5,000 less.

Senator HEYBURN. Now, what is the income, if you know, of those daily papers that belong to your association in the city of New York?

Mr. RIDDER. I do not know.

Senator HEYBURN. You can not give even an estimate of that?

Mr. RIDDER. No, sir.

Senator HEYBURN. Is the income of your paper an average income of what are called the great daily papers in New York?

Mr. RIDDER. No, sir; I think they are above the average, because my morning paper is two cents—I mean money, more money.

Senator HEYBURN. And you pay out of this income to one man \$15,000 for his services?

Mr. RIDDER. You mean the white paper?

Senator HEYBURN. Yes.

Mr. RIDDER. We pay \$12,000 now.

Senator HEYBURN. To whom did you pay that?

Mr. RIDDER. Mr. Norris.

Senator HEYBURN. How long have you been paying Mr. Norris that fee?

Mr. RIDDER. Since July, 1908, I believe.

Senator HEYBURN. And what are Mr. Norris's duties for which he is paid that sum?

Mr. RIDDER. He is attending to this whole white-paper business.

Senator HEYBURN. The legislation?

Mr. RIDDER. He goes into the facts and figures and circulars. He also appears before committees and furnishes information and represents our side before Congress.

Senator HEYBURN. Before Congress. That is what I want to get at.

Mr. RIDDER. Yes, sir.

Senator HEYBURN. Now, does Mr. Norris perform any other duties for that salary?

Mr. RIDDER. Yes, sir; he has entire charge of everything relating to this department of the Publishers' Association—gathering news.

Senator HEYBURN. When you say "this department" do you mean the legislation?

Mr. RIDDER. Oh, no; I mean the whole white-paper department. He has charge of this department. He has an office in New York

and attends to all correspondence and everything relating to white-paper information, and everything connected with it, and he also comes here and looks after it.

Senator HEYBURN. What sort of an agreement have you with him? Is it in writing?

Mr. RIDDER. No, sir; he gets \$12,000 a year. There is no written agreement.

Senator HEYBURN. Did you not first engage him with reference to the legislation affecting your interests?

Mr. RIDDER. No, sir; we engaged him to take care of this whole white-paper matter, and that included that. We engaged him at the time the trust forced prices up, and we had to make a fight to get relief; then we organized this department, and he took charge of it.

Senator HEYBURN. Well, the first services were terminated, or practically complete, two or three years ago, were they not?

Mr. RIDDER. No, sir; the first services only commenced, I think, on July 1, 1908.

Senator HEYBURN. When were those differences with the trust, as you term it, terminated?

Mr. RIDDER. Those with the trust are not terminated. We have a war with them all the time.

Senator HEYBURN. He has been devoting his time to legislative matters, has he not?

Mr. RIDDER. He has been devoting it to everything relating to that, and he furnishes information, statistics, and everything else, looking up the investigations and correcting them; taking care of our side of it.

Senator HEYBURN. You are paying his expenses in addition to his salary?

Mr. RIDDER. Yes, sir.

Senator HEYBURN. For attending to the legislative matters?

Mr. RIDDER. His expenses, yes; he comes here to Washington, and we pay his expenses to look after affairs here.

Senator SMOOT. When he goes to Canada do you pay him?

Mr. RIDDER. Yes, sir.

Senator CLARK. Where does the other \$3,000 of Mr. Norris's salary come from?

Mr. RIDDER. He first received \$15,000, but afterwards he made it \$12,000, because he was satisfied with that.

Mr. NORRIS. You might say that change was made in order that I could do other work, and do other work.

Mr. RIDDER. I understand that.

Mr. NORRIS. There is no use cheapening me.

Mr. RIDDER. Mr. Norris got \$15,000 a year, and then it occurred that his services might be required in some other matters, and it was made \$12,000 a year, with opportunity on his part to undertake other things. He is a very capable man. I did not go into this explanation, because if we explain everything it would take a very long time to do it.

Senator GALLINGER. It is very clear that the farmers can not afford to hire Mr. Norris.

Mr. RIDDER. Mr. Norris is worth that and more too.



Senator STONE. They could afford to hire him at the price they paid others, which was nothing.

Senator SIMMONS. Mr. Ridder, do you not regard the meat-packing houses as being in a trust?

Mr. RIDDER. Certainly.

Senator SIMMONS. Do they not control through that trust the larger price of beef in this country?

Mr. RIDDER. I suppose so.

Senator SIMMONS. Now, this treaty provides for free live stock, but it is paying a duty, or a large part of it, on meats; is that true?

Mr. RIDDER. I do not know.

Senator SIMMONS. You do not know that fact?

Mr. RIDDER. Well, I do not think I ought to discuss that phase of it because that has nothing to do with this matter.

Senator SIMMONS. Well, you said a little while ago that you were in favor, wherever there was a trust that raised the price of a thing, of putting that raw material on the free list and putting their finished product on the free list also.

Mr. RIDDER. Certainly, I am.

Senator SIMMONS. I say, then, it is true—and it is a well-known fact, and you know it, I take it—that this treaty provides for free live stock, but it also retains a duty, or a part of the duty, on meats. Now, are you in favor of taking that duty off of meats?

Mr. RIDDER. I am not in favor of taking anything from this bill which would jeopardize its passage.

Senator SIMMONS. You are in favor of a just bill, are you not—a bill that applies the same principle to other things that you are demanding shall apply to yourself?

Mr. RIDDER. I am, on general principles. I am a tariff reformer; I have always been that; but I would oppose any amendment to this bill, because it gives us some relief. If you kill it by amendment, we will have no relief, and that would be directly in the interest of every Meat Trust, because if you do not bring about this reciprocity, you do not bring about a beginning.

Senator SIMMONS. You say you are opposed to any amendments. I was going to ask you if you do not think, in view of what you have said about putting the finished products on the free list as well as the raw material, it ought to be amended so as to put meat on the free list as well as live stock—in view of the fact that you have said that the price of meat is fixed by the trust, just as you claim the price of your product is?

Mr. RIDDER. If you put that on, you will kill the bill, and you do not get any benefit for the meat.

Senator SIMMONS. In other words, because the bill gives to you what you ask you do not want to amend it so as to give the other people the same thing?

Mr. RIDDER. I am in favor of this bill because that is the best we can do now, and we must have a commencement.

Senator CLARK. In other words, if you can get relief for any particular business, you are willing that the other business should go hang?

Mr. RIDDER. No, sir; I am not.

Senator SIMMONS. And you propose to put the other business on the same footing?

Mr. RIDDER. I know, but every attempt to amend that bill is a hostile attempt to kill it, and therefore I am opposed to any attempt to amend it because the purpose is to kill reciprocity, and in doing that you bring no relief to other things but kill the whole thing.

Senator SIMMONS. Although amendments may be necessary to relieve other folks from the burden of trust robbery.

Mr. RIDDER. You have to take a thing as it is, not as it should be.

Senator CLARK. Are you not going a little far when you say that the purpose of every amendment proposed is to kill this bill?

Mr. RIDDER. I think it is so regarded by the friends of the bill.

Senator CLARK. Are you not going a little far in that statement?

Mr. RIDDER. I think that is the accepted idea as to those who propose to amend the bill.

Senator CLARK. And how does that theory get among the people? It is because it is published in the newspapers you are speaking for. I know of a gentleman who is perfectly frank in saying that this bill ought to pass, but before it passes it ought to be amended. Those people are as patriotic and as high-minded and disinterested as some of the people who are in favor of this bill as it is.

Senator WILLIAMS. Do you really know anybody who is in favor of this bill who is in favor of its amendment?

Senator CLARK. I do, and I refer to the Senator from New York, Mr. Root.

Senator BAILEY. You said awhile ago that if this bill is killed that that would itself be a benefit to the Beef Trust. You know, do you not, that the protection afforded by this treaty to the Beef Trust is higher than the protection afforded by the existing law? Let me illustrate that. The duty will leave cattle, worth over \$14 a head with now 27½ per cent. Therefore a steer worth \$40 at the Canadian border would pay \$11—the packer must pay that to bring him in. That steer that cost \$40 and \$11 duty, making \$51, would dress, say, 800 pounds, certainly not more than that. The duty on that dressed meat under the existing law is 1½ cents a pound. That duty is reduced under this treaty to 1¼ cents per pound. The reduction in duty, assuming that the steer dresses 800 pounds, is from \$12 protection under the existing law to \$10 protection under this treaty, but while the packer loses \$2 of his protection on the dressed meats he saves \$11 that he now has to pay on the importation of a steer, and the treaty is \$9 better to the packer than the existing law. I think that is right.

Mr. RIDDER. Well, I would not like to discuss that with you, because that is also an involved question which I do not think I can answer.

Senator BAILEY. I think that is a plain question.

Senator SMOOT. It is the question that we have to consider.

Senator WILLIAMS. According to your own theory, the packer's duty, the one from which he benefits, is reduced \$2. We admit that.

Senator BAILEY. But he is \$9 better off.

Senator WILLIAMS. According to your own theory, it would not make it a bit cheaper to him unless you reduced the duty on the thing he sells. That is reduced \$2.

Senator BAILEY. I did not go into that, but, since you invite it, I want to say that the reduction of one-fourth of 1 cent a pound will never find its way to the consumer, because meat is not sold in that way. It is sold so much level—even cents per pound—and so while the reduction on the carcass, the dressed carcass, would amount to \$2, the packer would really get all that.

Senator WILLIAMS. Leaving all that out, I think a moment ago you promulgated the theory that unless we reduced the duty upon the finished product, no matter how much we reduced the duty on the raw material, even if you put it on the free list, it would not make the seller of the finished product—which in this particular case is dressed beef—sell any cheaper, but that in order to make it sell cheaper you had to reduce the duty on the finished product; and now you admit that the duty on the finished product in this treaty or agreement is reduced \$2. That is what we want to illustrate.

Senator BAILEY. Yes; assuming that the whole \$2 goes to the consumer of meat—which I doubt—in consequence of the fraction of a cent reduction; but assuming that it does, then it stands that the Government loses \$11 and the consumer gets \$2 and the packer gets the other.

Senator WILLIAMS. That may be true, but the other thing being true, the idea that the packer's benefit is increased, the idea that the consumer's cost when he goes to buy the packer's finished product is increased by this treaty, falls to the ground.

Senator BAILEY. I did not say that the consumer's cost was increased. You misunderstood me. I did not mean to say the consumer's cost. I will go this far to say that if the reduction of the duty on dressed meats was a full cent a pound, that then the consumer might get it, and in time would get it; but a reduction of such a fraction of per cent that is not susceptible of a division between the packer and consumer will never reach the consumer.

Senator WILLIAMS. There is no doubt about that.

Senator HEYBURN. Mr. Ridder, is your paper owned and published by a corporation?

Mr. RIDDER. Yes, sir; by a corporation.

Senator HEYBURN. What amount of corporation tax did you pay for 1910?

Mr. RIDDER. Our statement of net income rendered to the United States Internal Revenue Department for the year 1910 showed \$183,528.31.

Senator SMOOT. The Publishers' Association is a corporation?

Mr. RIDDER. Yes, sir.

Senator SMOOT. How many shares has it?

Mr. RIDDER. There is one share for each member.

Senator SMOOT. How much per share?

Mr. RIDDER. The shares are \$75 initiation fee and \$75 a year pays for the share. So the share costs a dollar. There is no capital at all behind that.

Senator HEYBURN. That corporation pays an income tax, I suppose?

Mr. RIDDER. Yes, sir; certainly. They made a profit.

Senator HEYBURN. Do you know what amount was paid on?

Mr. RIDDER. I do not. I do not believe they had any. You can see by that circular.

The CHAIRMAN. Are there any further questions to be addressed to Mr. Ridder? If not the committee will hear Mr. Bruce Haldeman, president of the Newspaper Publishers' Association, unless the committee would prefer to hear Mr. Melville Stone, who is anxious to leave the city.

Mr. STONE. Mr. Chairman, I think that Mr. Haldeman will finish in a few moments, and then it will probably be better to hear Mr. Noyes.

# STATEMENT OF BRUCE HALDEMAN, PRESIDENT OF THE NEWSPAPER PUBLISHERS' ASSOCIATION.

Mr. HALDEMAN. Mr. Chairman, I think Mr. Ridder has covered pretty thoroughly the American Publishers' Association matter. I have just been inducted into office and have not been able to obtain a very great amount of information.

The CHAIRMAN. How long have you been president?

Mr. HALDEMAN. Since April.

The CHAIRMAN. Had you held any office in the association prior to that?

Mr. HALDEMAN. I was director.

The CHAIRMAN. Has any member of the committee any questions to ask Mr. Haldeman?

Senator STONE. Did the Newspaper Publishers' Association, or anyone associated with the publication of newspapers, so far as you know, ever get instructions to the effect that nothing was to be said or published in opposition to reciprocity?

Mr. HALDEMAN. I received that letter that Mr. Ridder sent out, but I have never given or requested anyone connected with my paper to give any instructions to the correspondent here. I have asked him personally to keep me posted on the progress of the reciprocity bill, but beyond his general instructions to be impartial and send all the news, he has never had any other instructions. I never heard any member of our association give such instructions.

Senator STONE. What is your paper?

Mr. HALDEMAN. The Louisville Courier-Journal and the Louisville Times.

Senator STONE. Were any instructions ever given to the Courier-Journal force or the Times force not to print or publish anything in opposition to the reciprocity agreement?

Mr. HALDEMAN. Most certainly not.

Senator SMOOT. Have the Washington correspondents ever sent you any news that you have not published?

Mr. HALDEMAN. Not to my knowledge.

Senator SMOOT. It has never been blue-penciled—anything that they have sent?

Mr. HALDEMAN. No, sir—well, all matter that comes to the office is not published, but nothing regarding this treaty has been cut out, to my knowledge.

Senator SMOOT. What class of news have they sent you in regard to this Canadian reciprocity matter?

Mr. HALDEMAN. I think most of it has been from the Associated Press. We publish the Associated Press report.

Senator SMOOT. That is, you have published very little from your Washington correspondent?

Mr. HALDEMAN. Any special feature that they wish to touch on they would add to the Associated Press report. I wish to say in regard to that letter of Mr. Ridder's that I never construed it in the light of him wishing to have the news colored. I have been very intimately associated with Mr. Ridder for several years and I know him to be an absolutely fair man, and I do not think any member of our association that I have heard of has construed that to mean that they wished to have coloring on their Washington news.

Senator CLARK. How did you construe it?

Mr. HALDEMAN. I felt, or we felt, that it was a very important question not only to the newspapers themselves, but to the readers, as it involved the price of the paper to the readers, and we wished them to keep posted on it, and the news in connection with that was given.

Senator CLARK. How did you construe that request that you notify your correspondents to send favorable reports?

Senator WILLIAMS. He did not say "send favorable reports."

Senator CLARK. Yes; he did.

Mr. HALDEMAN. I will give you my construction of that. I will say the Courier Journal is a Democratic newspaper and we consider that we are favorable to the Democrats, but that does not mean that we do not publish the Republican side of the information, and I have had Republicans in my city tell me that what we published was so satisfactory that they read it in preference to the Republican paper.

Senator CLARK. Many of us do that; we Republicans. That is not what I was trying to get at. I was trying to get at your construction of the dispatch that Mr. Ridder sent when he asked you to notify your correspondents to send favorable reports.

Senator GALLINGER. As a newspaper man, do you think it was necessary for that dispatch to be sent if correspondents were doing their duty, as they were expected to do it in sending the news?

Mr. HALDEMAN. Well, a correspondent here in Washington has a multitude of affairs to look after, and possibly it might escape his attention that this particular matter was of great interest to the newspapers and newspaper readers.

Senator GALLINGER. You were afraid he would overlook reciprocity, were you?

Mr. HALDEMAN. No, sir; not reciprocity, but I think that phase of it, it was natural to call attention to. I never sent any instructions following their request.

Senator LA FOLLETTE. Would it not have been natural to have said in that dispatch to send full reports on the matter rather than favorable reports on it?

Senator WILLIAMS. Let us have that letter.

Senator LA FOLLETTE. It may not be. I did not read it.

Senator WILLIAMS. Report does not enter into it. "Report" is a technical word in the newspaper business and has reference to news.

Senator GALLINGER. "Treat favorably the reciprocity agreement." You stated that the public were interested in this because of the fact that they would get their papers cheaper. How will they get their papers cheaper?

Mr. HALDEMAN. I do not think I stated that. I meant that this question of the price of paper would involve ultimately the service of news to the subscriber. Naturally they would be interested in it.

Senator SMOOT. Would a 15-cent magazine be sold for any less if this bill passes?

Mr. HALDEMAN. I could not say as to that.

Senator SMOOT. Would the newspapers of this country be sold for any less if the bill passes?

Mr. HALDEMAN. I will say from my own knowledge that if the result of this should be to establish a more reasonable price for paper, there would be reductions. I think I would consider very seriously a reduction.

Senator SMOOT. The price of the newspaper as it is sold to the public? How many newspapers are printed from a ton of paper? Take your own paper.

Mr. HALDEMAN. It depends on the size of the papers.

Senator SMOOT. I say your own paper.

Mr. HALDEMAN. We have different-sized papers; 10 pages, 12 pages, 16 pages.

Senator SMOOT. Take your Journal; I believe you said one was the Journal?

Mr. HALDEMAN. The Louisville Courier-Journal and the Times.

Senator SMOOT. Take the Times. How many of the average issue of the Times could be printed from a ton of paper?

Mr. HALDEMAN. It depends on the paper. The Times one day is a 14-page paper, another day 15 pages.

Senator SMOOT. State the average.

Mr. HALDEMAN. I have not established an average. For a 12-page paper it would be in the neighborhood of 1,500 papers. Mr. Norris is an expert on that.

Senator SMOOT. Fifteen hundred papers to a ton?

Mr. HALDEMAN. Two thousand pounds; yes. A 12-page paper would be about 6 to a pound; about 12,000 to the ton.

Senator SMOOT. What is the circulation of the Times?

Mr. HALDEMAN. Well, sir, I am here as the president of the American Newspaper Publishers' Association—

Senator SMOOT. I want to see how much an issue of your paper costs, and then see how much this was going to save you, and find out if a reduction in the cost of paper would make a difference in the cost of the paper to the subscribers.

Mr. HALDEMAN. I have not got that far yet, but I feel that a reduction in the price would warrant a reduction where it is not warranted now.

Senator SMOOT. Have you any objection to telling us what your circulation is?

Mr. HALDEMAN. As there are members of the American Newspaper Publishers' Association present—

Senator SMOOT. Have you a circulation of 12,000 now?

Mr. HALDEMAN. Well, I think that is rather an insult.

Mr. SMOOT. It was not so intended.

Mr. HALDEMAN. The Times has a circulation of between fifty and sixty thousand.

Senator SMOOT. I would like to know how much you expect to save on a ton of paper.

Mr. HALDEMAN. I have not figured that out. I just have a general idea in my mind that when paper does reach a stable price, if it is a lower price, it would warrant a reduction. We charge 3 cents for the Courier-Journal, \$8 a year.

Senator SMOOT. You issue it 365 days a year, do you not?

Mr. HALDEMAN. Yes.

Senator SMOOT. It would take about 33 years, would it not, for one average paper, issued daily, to consume a ton of paper?

Mr. HALDEMAN. I have not figured on that.

Senator SMOOT. I want to get down to see where you are going to make the cut.

Mr. HALDEMAN. You can go ahead, but I do not care to figure until the thing materializes.

Senator SMOOT. It would take 33 years for one subscriber to your paper to use a ton of print paper, wouldn't it? Now, if the duty of \$3.75 a ton is removed that would make a difference of 10 cents a year to every subscriber.

Mr. HALDEMAN. I have not figured it. I do not look at it in that way. I know what the extra cost of paper is to me. I know that if I had an additional amount to pay on account of that increase I could reduce the price of the paper to the same extent.

Senator SMOOT. If the extra cost of paper amounted to only, taking the whole of the tariff into consideration, 5 cents a year, you do not think you would decrease the subscription price of your paper, do you?

Mr. HALDEMAN. I have not considered it materially at all. I have not figured on it, because I have no idea of making a reduction under present conditions.

Senator SMOOT. But if it was only 5 cents, you would not think of making a difference in your subscription price?

Mr. HALDEMAN. I would see what I considered safe.

Senator SMOOT. Did you attend the last meeting of the Publishers' Association in April?

Mr. HALDEMAN. I did.

Senator SMOOT. Was there any resolution passed at that meeting?

Mr. HALDEMAN. I think so; one that was sent to Congress.

Senator SMOOT. Was that included in the list presented here this morning?

Mr. HALDEMAN. When Mr. Penrose wired me to come here, I had another engagement before an arbitration board, and I arranged to get a substitute to telegraph to the New York office to secure all the data he requested, and I understand that Mr. Norris got it to Mr. Ridder, and he had it this morning. That resolution was among it.

Senator SMOOT. That is, everything issued by your association was included in the papers this morning?

Mr. HALDEMAN. Yes, sir.

Senator CLARK. I want to ask you if you have ever made the calculation as to how much it costs for one of your issues—how much the paper in a single copy costs?

Mr. HALDEMAN. I do not think I have ever made that estimate.

Senator CLARK. You could not give an estimate?

Mr. HALDEMAN. I am not prepared to give an estimate.

The CHAIRMAN. Are there any further questions to be addressed to Mr. Haldeman? If not, the committee will proceed to hear Mr. Frank B. Noyes, president of the Associated Press, who is here by request of the committee.

#### STATEMENT OF MR. FRANK B. NOYES, PRESIDENT OF THE ASSOCIATED PRESS.

Senator SMOOT. Mr. Noyes, you are the secretary or the president of the Associated Press?

Mr. NOYES. President.

Senator SMOOT. Elected lately?

Mr. NOYES. Elected lately and prior to lately. I have been president for 10 years.

Senator SMOOT. Has the Associated Press sent out any circulars on the Canadian question at all?

Mr. NOYES. No, sir.

Senator SMOOT. Have they sent out any telegrams to the members of the American Publishers' Association?

Mr. NOYES. Those matters that Mr. Ridder has turned over to the committee were sent out over his name. I think that telegram was sent over our wire and over the Publishers' Association's wire.

Senator SMOOT. This is sent as president of the American Newspaper Publishers' Association. Do you know whether you, as president of the Associated Press, ever sent any instructions to the Publishers' Association as to what position you would take on the Canadian reciprocity bill?

Mr. NOYES. No.

Senator SMOOT. The Associated Press is virtually made up of the editors of the papers of this country?

Mr. NOYES. Editors and publishers, and executive officers. Membership in the Associated Press is personal, not by corporations at all. The member may be the owner, or a partner, or an executive officer of a corporation owning a newspaper. In some cases he is an editor, sometimes a publisher. The by-laws require that a newspaper shall be represented by a person who shall be either the owner or a partner, or an executive officer if it is a stock company.

Senator SMOOT. Has your association ever issued an invitation to its members for statements adverse to the Canadian reciprocity agreement?

Mr. NOYES. Our association—nothing has gone out one way or the other, either adverse or in favor of it, as far as I know.

Senator SMOOT. Have the officers of your association ever instructed any of its men to take any sides in this matter, or to publish that which is favorable and not send that which is unfavorable?

Mr. NOYES. Mr. Melville E. Stone is secretary and general manager of this association. Under the organization he has charge of



the news service. As president of the association, I have general charge, but I do not handle the news service in any way. He can tell you whether there were any instructions or lack of instructions.

The CHAIRMAN. If there are no further questions to be addressed to Mr. Noyes—

Senator HEYBURN. One moment, please. Do you have charge of that part of the business which determines who may and who may not become members of the Associated Press?

Mr. NOYES. In so far as I am president of the Associated Press and one of the directors of the association. Admission to membership in the association is either by the board of directors or at a regular meeting of the entire membership.

Senator HEYBURN. Do you permit or authorize members of your association who have a given territory to farm out that territory and charge other papers for becoming a member of your association?

Mr. NOYES. There is a class of members in the association who have what is known as a protest right. Would you like me to explain the general organization?

Senator HEYBURN. Yes.

Mr. NOYES. We are organized under the membership law of the State of New York; a law that was apparently designed for clubs. We organized under that law because we did not wish to organize under a law for a corporation for pecuniary profit. Under our by-laws we are forbidden to make a profit. The method of election of a member is first by a stipulated vote—I think it is three-fourths or four-fifths of all the members of the association. In the interim between meetings of the association the board of directors has power to elect, subject to the right of protest of certain members. That right of protest forbids the board of directors from electing until the right of protest is waived. The general association can elect irrespective of the right of protest. Therefore, to answer your question, with that preliminary explanation, if there was a paper within the range of a protest right and the paper applied to the board of directors for membership, the board of directors would not have the power to elect unless that right of protest was waived. They would then refer it to the next general meeting of the association, and that meeting would pass on it.

Senator HEYBURN. This right of protest is vested in the members of your association? Now, should a member protest against granting the privileges of your association to a paper, then the application would be rejected, would it?

Mr. NOYES. If there was an existing right of protest, it would be referred to the next general meeting of the association for such action as they desired to take.

Senator HEYBURN. Do you permit your members to sell the waiver of their rights or to withhold their protest?

Mr. NOYES. I could not say we permitted it or forbade it. In recent years I have not known of a sale. In years gone by, in other associations, I have heard of sales.

Senator CLARK. What is the extent of this right of protest; just what is it?

Mr. NOYES. It is the right to object to the election of a member by the board of directors.

Senator CLARK. How is that right initiated; whence does it come?

Mr. NOYES. It came with the organization. You understand the present Associated Press is one of a series of associations that there have been.

Senator CLARK. Is that a territorial right?

Mr. NOYES. It is limited. In some cases the right of protest extends over a city; sometimes for a distance of 30 miles around; sometimes 60 miles; sometimes, in the far West, 150 to 175 miles. These rights were originally granted a great many years ago—

Senator CLARK. Then we understand that, for practical purposes, unless it is overthrown by a meeting of your stockholders—

Mr. NOYES. We have no stockholders.

Senator CLARK. Well, your members. The man who first gets the right can protest anybody else out of the field; that is, that others would not be given that right there without the vote of the members of the association?

Mr. NOYES. That would be accurate as to the existing protest rights. There have been no new protest rights created for 10 years.

Senator CLARK. Is all the country now in such a shape that protest rights cover the whole country?

Mr. NOYES. Oh, no.

Senator HEYBURN. Let me put just one question. You grant the field, say 175 miles in extent, to a newspaper. That gives them a monopoly of the rights to be derived under your organization to the extent of that territory. Now, when that country is developed there grow up large cities in that 175-mile limit. The man who has the first right of the association there may prevent any other newspaper from receiving the Associated Press news; you are giving him a monopoly of it. That is true, is it not?

Mr. NOYES. A man who has a protest right can object to the election by the board of directors; he can not object to the election by the general membership.

Senator HEYBURN. Right there—do you permit him to charge the party seeking to obtain your service within that area?

Mr. NOYES. I have said that we neither permit him nor forbid him. Within my own knowledge, in the last 10 years there has been no such charge. Prior to that time I think I have understood there were papers that were charged.

Senator HEYBURN. A Mr. Cowles is a member of your association and is the owner of the Spokesman-Review, at Spokane. You granted the Associated Press right to the Wallace Times upon the condition that they should satisfy Mr. Cowles, did you not?

Mr. NOYES. I do not remember the case.

Senator HEYBURN. And that all within 10 years?

Mr. NOYES. I do not remember the case.

Senator HEYBURN. And he taxed the owners of the Wallace Times a good many thousand dollars as a condition of his waiving the territory; you did that, did you?

Mr. NOYES. It may be.

Senator HEYBURN. And you had it brought to your knowledge that he had imposed it as a condition of his waiver that they should pay?

Mr. NOYES. I think a moment ago I told you that I had no such knowledge.

Senator HEYBURN. I am merely refreshing your memory.

Mr. NOYES. You are not refreshing my memory, because I had no such knowledge. He may and he may not have. I have no knowledge.

Senator HEYBURN. I think the question is a legitimate one in determining your methods. The Wallace Press, seeking the Associated Press service, was also taxed by Mr. Cowles for his waiver. You do not know about that, do you?

Mr. NOYES. I have said twice that I do not know it.

Senator HEYBURN. You do not know about it?

Mr. NOYES. I have said it was neither forbade—we neither forbade it nor permitted it. It would be within the power of a member to ask a bonus if he saw fit to do it.

Senator HEYBURN. You did the same with the Lewiston Tribune. You do not remember that, do you?

Mr. NOYES. I have said I do not remember of any charge within 10 years. Prior to that time I have known of charges, and I have known of men buying papers in order to get the Associated Press membership.

Senator SMOOT. That has been lately?

Mr. NOYES. That they had bought papers.

Senator SMOOT. Oh, yes.

Mr. NOYES. They buy at any time.

Senator SMOOT. I know that in Salt Lake City a corporation was running a daily paper, only a couple of years ago, and they wanted the Associated Press service. It was impossible for it to get the service, and it was forced to buy a paper owning a franchise, as that was the only way it could obtain the Associated Press service.

Mr. NOYES. I remember a great many cases, or a good many cases, where papers have been bought or absorbed.

Senator SMOOT. You know the paper was absolutely refused the service, do you not?

Mr. NOYES. I know there have been papers refused admission to the membership, both by the board of directors and by the general meeting.

Senator SMOOT. Do you know of a single case where the board of directors has refused a request for the service and it was appealed to the membership of the association and the association passed favorably upon it?

Mr. NOYES. I have known cases to be passed upon; yes. I never knew them to vote a man in.

Senator SMOOT. Voted on by the board of directors?

Mr. NOYES. They were not voted upon by the board of directors, because the board of directors have not any authority in the matter. The board of directors simply pass it on to the association.

Senator SMOOT. Do you know of a case, then, where the board of directors have refused a request for the service and the association, or members of the association, have reversed the protest?

Mr. NOYES. No.

Senator HEYBURN. You say you do not know anything about it. Perhaps somebody will come on who does. I was going to ask you in regard to your knowledge of the fact that the demand was made and the price was paid.

Mr. NOYES. And the prices set for a waiver and protested at any date; but it has not come to my attention, anything of that kind in the past 10 years.

Senator HETBURN. The correspondence in regard to those matters does not come before you?

Mr. NOYES. I go over the correspondence very largely. Mr. Stone is the general manager, but I go over the correspondence, and I think I have presided over every meeting of the board for a long while.

The CHAIRMAN. Are there any further questions to be addressed to Mr. Noyes?

Senator BAILEY. Mr. Noyes, does your association ever issue any instructions to its correspondents anywhere touching any matters?

Mr. NOYES. You mean as to the coloring of the matter, anything of that kind? Never.

Senator BAILEY. As a matter of fact, generally, the communications through the Associated Press come out of the offices of the members at particular places, do they not?

Mr. NOYES. No; I do not think members give any instructions to Associated Press—

Senator BAILEY. I am not asking about instructions. For instance, the Associated Press matter coming out of Fort Worth, Tex., would come from the Fort Worth Record?

Mr. NOYES. Yes. There are two systems by which we get news. One is by exchange—that is, from our members—and the other is from the independent agencies that we conduct ourselves. In Fort Worth we would not maintain an office. In Washington we maintain a separate office; in New York we maintain a separate office; in Chicago we maintain a separate office; in all large news centers we have to maintain a separate office. In the great bulk of the offices of the country, or the cities of the country, we do not maintain separate offices, but it is an interchange of news among the members. We would get the news out of one of our Fort Worth members.

Senator BAILEY. I want to ask you a question on a matter not relating to your association. I call your attention to what recently came under my observation. A group of ministers, some nine in number, met and made a protest against the election of a United States Senator. That was telegraphed all over the country, and given great prominence, and then when the religious body itself met, that Senator was chosen by more than 300 against 112; and I never saw a word about the action of the body.

Mr. NOYES. I am sorry you do not read, perhaps, the same papers that I do. I saw the item, a statement that there was objection, there was protest or would be protest, and also the statement that it was overwhelmingly voted down.

Senator BAILEY. I did not see that.

Mr. NOYES. I saw it.

Senator BAILEY. And it just occurred to me that that would be due to no instructions of yours, but might be due to the bias of your members.

Mr. NOYES. As a matter of fact that statement—I saw it myself in the public prints—the Associated Press in sending matter out, of course, does not insure its being printed at all. The individual paper gets the report, and gets a great deal more than would be put in any

paper, and it is in the selection from what they receive, as to whether their paper would use it. I take it there would have been a good deal more news in the fact that any religious body refused to elect somebody than if they had done the normal thing and elected him.

Senator BAILEY. But in this case they gave great prominence to the fact that nine ministers—

Mr. NOYES. Who do you mean by "they"? I do not know that either side of this was handled by the Associated Press. It has not the outward or visible sign of an Associated Press item.

Senator BAILEY. Probably I ought to have ascertained that definitely before I put the inquiry to you. I saw the protest and I did not see the result of the meeting of the general body, and I asked the Senator who was himself concerned about it, and he did not know it until he and his friends received the result of the election, and I thought that a pretty serious criticism against your association.

Mr. NOYES. If they sent one and did not send the other, most certainly, and I would quite agree with him, being very sure that it in no way represented the desire of those controlling the Associated Press. As a matter of fact, I saw both of the items, as to the proposal to defeat the Senator and of the overwhelming failure to do it. Whether either of them were Associated Press items I do not know.

Senator BAILEY. I am reasonably sure the first one was, because I saw it in a number of papers, and either it was your press service or some other.

Mr. NOYES. It would be perfectly easy here to find out whether it was. We could find out in Washington whether either one or both items were carried; and if the Associated Press had carried one of the items and did not carry the other I would quite agree it was not fair treatment.

Senator BAILEY. The Senator from North Carolina, who is beside me, says that he saw the subsequent statement.

Mr. NOYES. I saw it and read it with great interest myself.

Senator BAILEY. I was watching the result, because it seemed to me a singular subject to carry into a religious meeting, and I was watching for the result and I did not see it. That criticism, however, from what you say, would be against the paper that printed the first and did not print the second.

Senator WILLIAMS. A great deal of what is sent out by Associated Press reports to papers everywhere would, in part, be published by one paper and in part published by another, just as the paper chose. would it not?

Mr. NOYES. Yes, sir.

Senator WILLIAMS. What appears in a paper as Associated Press is not the full Associated Press reports sent to that paper, necessarily!

Mr. NOYES. I would say no paper printed its full report.

Senator BAILEY. The papers are at liberty, I presume, to print all of it or any part, or to reject it all?

Mr. NOYES. Absolutely. The Associated Press is simply a joint agency for collecting news. The papers can use what they want of it, and do use what they want of it; and I think that every paper in the United States would resent very bitterly any suggestion on

the part of the management of the Associated Press as to what they should or should not print.

Senator HEYBURN. You were a corporation up to a certain time, were you not?

Mr. NOYES. The original New York Associated Press, I think, was nothing but practically a partnership. I do not think that it was even a stock company. It was composed of six or seven New York papers, and the papers generally throughout the East were clients only of theirs. The Western Associated Press was a stock company, a Detroit, Mich., concern; and that was followed by just simply the Associated Press, which was an Illinois corporation. There was a great press war going on for a considerable time, first between the New York Associated Press and the United Press, in which the United Press won out; then the Illinois corporation and the United Press had a war, passing over a number of years, in which the Illinois corporation won out. The Illinois corporation was a stock company, but its by-laws forbade them making profits. It was a cooperative corporation; the stock was nominal. Then the present Associated Press was organized under the laws of New York as a membership corporation, without any stock at all. It has a little over 800 members.

The CHAIRMAN. Are there any further questions? If not, the committee will hear Mr. Stone, the manager and secretary of the Associated Press.

#### STATEMENT OF MR. MELVILLE E. STONE, MANAGER AND SECRETARY OF THE ASSOCIATED PRESS.

Mr. STONE. Mr. President, will you indulge me if I sit down?

The CHAIRMAN. You may sit down, Mr. Stone.

Mr. STONE. Thank you; I am suffering from a lame foot.

Senator SMOOT. Mr. Stone, in conformity with a telegram which you received, did you bring any minutes or resolutions of your association that bear upon this Canadian reciprocity bill?

Mr. STONE. I did not, because there are no minutes or resolutions. There was a resolution adopted in respect to the paper question long before the Canadian reciprocity question came before Congress at all favoring free paper, adopted by the annual meeting of the Associated Press.

Senator SMOOT. What year was that?

Mr. STONE. 1908, I believe. There has been nothing passed or adopted—no resolution has been adopted and no action—

Senator SMOOT. No action of your association in any way since the agreement was made between Canada and the United States?

Mr. STONE. None whatever, either by the association itself or by the board of directors.

Senator SMOOT. That work has entirely been carried on by the Publishers' Association, has it?

Mr. STONE. I can not answer that; I do not know. I simply say we have taken no part in it. The Associated Press has passed no resolutions of any kind nor has it taken any formal action.

Senator SMOOT. You are not a member of the Publishers' Association?

Mr. STONE. No, sir; and I never attended one of their meetings.

Senator SMOOT. Do you know of any instructions that have been given to your correspondents or suggestions in relation to how the news should be handled and reported?

Mr. STONE. In response to the request of this Committee, I made a search for everything that might bear upon it, and the only thing that has even a semblance of instructions in respect to the matter is a general order which I issued immediately after the Canadian agreement had been presented to Congress. It was dated New York, February 8, and I will read from the copy I have:

*To all correspondents:*

The Canadian reciprocity question is the most important matter before the country. Please cover any action of public importance respecting it.

MELVILLE E. STONE, *General Manager.*

Senator SMOOT. That was what you issued for all of your correspondents?

Mr. STONE. Yes, sir.

Senator SMOOT. And with respect to any correspondents sending the news, say, of these hearings, do you send it out as they give it or is it edited by you in New York?

Mr. STONE. Oh, no; they send it out. It goes to the newspapers and the line points known as the "circuit" simultaneously. I do not know whether you understand the technical methods that are adopted, but there is a wire or two wires or three wires extending from Chicago to New York by way of Cleveland and Detroit, Pittsburg and Washington, Baltimore and Philadelphia, into New York. Anyone at any one of those cities, or any intermediate city, who may have a message of public interest, hands it to the operator at that point and the operator sends it, and it is simultaneously in all of these cities. As a result it reaches my desk at the same instant that it goes into the office of the Baltimore papers, the Philadelphia, Chicago, or any other papers on that line. I see it no sooner than they; I have no opportunity to edit it.

Senator SMOOT. There is certainly someone that edits the reports at New York before they are sent out to all the papers.

Mr. STONE. Yes and no. At New York and at Chicago there are terminal points on this wire. A matter going west of Chicago may be edited there; a matter going east of New York may be edited there, and as between New York and Chicago, matter sent from Washington would not be edited at all. It would be edited in the Washington office and would go onto the wire.

Senator SMOOT. Is that on account of the fact that the association has an officer here authorized to do that?

Mr. STONE. Not at all. That is true all over the country. That is one of the misfortunes or fortunes of what is known as the leased-wire system. For instance, when the earthquake occurred in San Francisco, the San Francisco office prepared that report and it came through Salt Lake City to Denver without change, and nobody could change it. The most we could do would be to wire back to kill an item or to change an item or to correct an item. It passed into the office at Salt Lake en route to Denver and became a part of the report going to those papers. I can not say that is the most perfect system, but that is the system in vogue and has been in vogue for a good many years.

Senator SMOOT. Suppose it had reached Chicago and been edited and the Associated Press itself wanted to make a change, how would that have been accomplished?

Mr. STONE. It would have been accomplished by a notice from Chicago to papers to either kill the item entirely or to correct it in any way they desired. For instance, if it was obviously a dispatch which did not fall within the standards of the Associated Press, if it was a partisan dispatch, if it was an unfair dispatch, if it was a libelous dispatch, or if there should appear an error in respect to any fact in it, it would be the duty of anyone en route seeing it and noting this error to immediately send a correction. Have I answered you?

Senator SMOOT. That is about as I understood it to be, and I certainly had no criticism to offer of the Associated Press and the way they handle the news in any way. It is not for that purpose that I asked this question.

Mr. STONE. I want to be perfectly frank with you.

Senator SMOOT. I asked this question for information, not only for myself but for the other members of the committee as well. Is there any time that the officers of the Associated Press unduly advertise or greatly magnify the public work of any men in public life—do they ever go that far?

Mr. STONE. On the contrary, let me say to you that there are 800 members in the Associated Press, representing every conceivable form, not only of opinion but of vagary, and it is not only a matter of honor that the Associated Press reports should be fair, but it is indispensable that they should be fair, because every man in the Associated Press has a right to criticize; he has a right to express his objection. As a result, it would be madness on the part of anyone—I suppose I could do it quicker than anybody else—but it would be absolute madness to advise any subordinate of mine to color a report or add anything in respect to a report which was not right. Of course, instantly it might come to the knowledge of any member and then there would be an earthquake.

Senator SMOOT. Mr. Stone, take this case we are discussing now. If the Associated Press thought that they knew, or did know, that 99 papers out of a hundred of their membership were in favor of the Canadian reciprocity bill, would that have any influence upon the officers of the association as to the news that it would send out?

Mr. STONE. I do not think it would.

Senator SMOOT. Has it in fact?

Mr. STONE. Well, if you are asking me about the inmost recesses of my conscience I should say no, sir; it has not. No, sir. Let me say this—

Senator STONE. Let me ask this question right there, before you go any further.

Mr. STONE. Yes.

Senator SMOOT. How do you account for this fact, that at the hearings held the last Congress, the third session, on this Canadian reciprocity bill, that the Associated Press gave, I think, a column and a half, at least, to the testimony of Mr. Norris, and I do not believe that it was a quarter of a column for all of the other men that testified the day he did?

Mr. STONE. Well, in the first place, I should want to know that that was the fact before I plead guilty.



Senator STONE. But if it was the fact?

Mr. STONE. If it was the fact, then I should charge it up to one of two things, either stupidity on the part of the people who are reporting it here or to the ordinary weaknesses that attach to human beings. Or a third reason might obtain, possibly. As I think you can well understand, when we undertake to cover the news of the world in a given 24 hours our wires are crowded tremendously all the time, and it frequently happens, as it did in the case of President Roosevelt, that he furnished us his speeches in advance. Now, Mr. Norris may have furnished any statement he may have had in advance, and it might have been mailed to the papers of the country, and they might have had it in fuller shape because of that. That frequently happens.

Senator SMOOR. I think the latter is the truth of the matter, because I think that Mr. Norris had all of his speeches in the hands of the Associated Press days and days before he testified.

Mr. STONE. I think every Senator in this room will bear me witness that we are trying to get them to give their speeches in advance continually so that we can mail them.

Senator LA FOLLETTE. Did Col. Roosevelt furnish his speeches in advance on his recent western trip?

Mr. STONE. No; he did not. I tried to get them.

Senator LA FOLLETTE. There did not appear any notice of his meetings.

Mr. STONE. Not quite that; pardon me.

Senator LA FOLLETTE. And I was wondering what was the matter.

Mr. STONE. If I had known you were going to raise that question, I would have brought some evidence. As a matter of fact, I urged Col. Roosevelt to give us his speeches in advance, and he said he could not do it. There was a good deal of pressure brought to bear upon him to do it, but still he would not do it. I then sent a special representative with him, and the only two instructions I gave to this man sent out by wire were at Sanderson, Tex., en route, and the other at San Antonio, Tex., en route, in language which the telegraph company did carry, but I do not know why, asking him—asking him why “in the devil” he did not send us something about Roosevelt’s speeches. It turned out afterwards that there were two reasons: First, that Col. Roosevelt did not make any speeches that had any especial news value at that time—I mean they were not exciting speeches at all: and, in the second place, a most unfortunate accident did happen. This correspondent of mine who went out with him was taken ill on the way and had to leave the party, and then we had to depend on local correspondents. That is the story, and I shall be very glad to give you my telegrams.

Senator LA FOLLETTE. He did not accompany the Roosevelt party all the time?

Mr. STONE. He did accompany the Roosevelt party as far as Los Angeles. The only two things that Col. Roosevelt said—you remember at El Paso, he pronounced in favor of the Arizona constitution, and you remember that at—

Senator BAILEY. Without recall.

Mr. STONE. Without recall, yes; and that in Los Angeles he declared for the recall in California; those two things. If you read

them at all, or heard them, you heard of them through the Associated Press; and those, I think, you will agree were the two most significant things that he said on that trip.

Senator LA FOLLETTE. I noticed a rather striking editorial in the Philadelphia North American—in which they apologized to their readers for not having furnished the news of the Roosevelt trip, and assigned as a reason for it that they had relied on the fact that an Associated Press reporter was to accompany the Roosevelt party and they expected to be supplied with the news through the Associated Press, which did not materialize.

Mr. STONE. I have no doubt that that was correct. I want to say that we make no pretense that we are perfect, but we are doing the best we know how.

Senator STONE. Did I understand that Col. Roosevelt was against the recall in Arizona and for it in California?

Mr. STONE. Do not ask me to enter on the discussion of that. [Laughter.]

Senator BAILEY. Against recall of judges at one place and for it in another.

Senator WILLIAMS. Anybody is subject to climatic conditions.

Senator CLARK. In gathering news, for instance, at the Capitol, you have certain men who are detailed to collect the news at the Capitol?

Mr. STONE. Yes.

Senator CLARK. Or possibly from this committee or anything else occurring up here. I suppose that they do not send out over the wire the identical news; but, as I understand it, it is handled in the office?

Mr. STONE. Yes and no. This is the way about that, Senator. In the case, for instance, of the two decisions rendered in the Supreme Court in the last week or two, there was not time—and time is the essence of our contract—to have that edited. As a result, the bulletins went out while the Chief Justice was reading his opinion, were written and went through to New York and to the West without any editing whatever.

Senator CLARK. I can see how that would be absolutely necessary.

Mr. STONE. Yes; that is essential.

Senator CLARK. Mr. Elliott is one of your employees?

Mr. STONE. Yes.

Senator CLARK. And Mr. Dawson is another; there are undoubtedly others?

Mr. STONE. Yes.

Senator CLARK. And their reports, I should imagine, would go into some central office here.

Mr. STONE. Perhaps I can illuminate that by this fact. I said a while ago that the wires were constantly crowded. As a reason I might assign, to use Senator Smoot's suggestion, it would be quite within the possibilities that this report of this hearing to-day would be written out by the young gentlemen who are writing it in detail, and when it came to the hour for it to go on the wires the King of England might be assassinated or any other event might come and sweep this all away. We aim to get a perspective of the news. In the case Senator Bailey was speaking of, we aim to be fair about these things. I do not know anything about the case, but

this might be true, that the episode of that Senator being objected to by nine clergymen—I think that is what you said, Senator—that might go on the wire to-day, and when the other fact that he was elected transpired that might not go on the wire for any one of two or three reasons. In the first place, telegraphing is not an exact science by any means. There might come a storm which would sweep away our wires and leave us only the possibility of sending only the barest bulletins of the most important matter. There might come an hour on that day when the wires would be tremendously crowded; some man, in the exercise of his best judgment, might not send it, and it might be a very great injustice to that gentleman if we did not send it. I have had cases of that kind occur. I do not know anything about this particular case.

Senator CLARK. I want to carry it a little further in order to get my idea developed. All that these gentlemen here at the Capitol write would not be sent out. That would be a physical impossibility.

Mr. STONE. It probably would not all be sent out.

Senator CLARK. And then would your central office here to which that reporter sent his material use the parts of it thought to be important and omit parts thought to be less important? That is what I was trying to get at.

Mr. STONE. I will tell you what they would do. We have what we call schedules—

Senator CLARK. Yes.

Mr. STONE. They would wire to New York. There are people waiting for an opportunity at all these points to get something on the wires.

Senator CLARK. Who would do the wiring?

Mr. STONE. Mr. Elliott, the head of this office, or Mr. Small, who takes his place. He would wire to New York, "Five hundred words, Senate Finance Committee on reciprocity." The man in New York, knowing that there were 500 words—suppose it was the day of the coronation, and that there were a thousand words of the coronation coming, that they were going to crowd that wire, he would probably wire back, "Two hundred." That would mean that the man here must put that in 200 words. Or, if it seemed to the man in New York that it was not relatively of sufficient importance to take the whole 500 or even 200, in the light of the other news—because this is all an attempt to present a perspective of the world's news, and not to give it all—he would say to "kill" it entirely. That would be quite possible. It does not depend upon what is happening here, but it depends upon what is happening all over the world. It might be a revolution in China, and it might be a revolution in Turkey.

Senator CLARK. What I meant was, if it comes to the point where there is a limited amount to be sent, who is it that exercises the discretion as to which shall not be and which shall be sent?

Mr. STONE. The man here, if he has what is known as a free wire, and if he knows that there is not very much going, will send 500 words, or whatever he may think it is worth. If, on the other hand, he thinks the wires are crowded, he will communicate with New York or Chicago to see what other matters are on hand, so that it might become an action of the Chicago office or it might become the action of the New York office or of a man here. Do I make myself clear?

Senator CLARK. Very clear.

Senator WILLIAMS. Just one other word in that connection. After it leaves here, if it went to the New York Herald, for example, the Herald would exercise its privilege?

Mr. STONE. Its own sweet will.

Senator WILLIAMS. By cutting out what it did not want to publish; and if it appeared not to accord with its wishes, they would cut it all out?

Mr. STONE. Whatever they liked.

Senator SMOOT. Referring to the case mentioned by Senator Bailey, I was going to suggest exactly the same thing that the Senator from Mississippi suggested, that perhaps it was entirely with the newspapers.

Mr. STONE. That may be.

Senator SMOOT. And when the item came, giving the sensational action on the part of the nine ministers that took this unheard-of action, they would put it in headlines of about an inch and a half long to call it to the attention of the public, and when the mere, measley little notice that the members as a whole voted 4 to 1 against it, they took no notice of it and cut it out.

Senator BAILEY. I have a right to have a grudge against the newspapers, but I do not think they are that bad.

Mr. STONE. I want to advise the Senator that there is a great injustice done in what is called "news." The clergyman of the Methodist Church who rises every Sunday morning and preaches the Gospel according to St. John the Apostle may do it 40 years, and there may never be any news in it, but the man who gets up and preaches infidelity on Sunday creates news, because it is unexpected.

Senator BAILEY. Mr. Stone philosophizes. Do you believe that that is serving the country a good purpose to minister to that kind of taste?

Mr. STONE. Yes and no.

Senator BAILEY. Yes a little and no a long ways?

Mr. STONE. Perhaps not. I will sit down with you by a fireside and philosophize over that for an hour sometime, if you want to.

Senator BAILEY. I will be glad to any time you come.

Senator CLARK. I suppose Mr. Stone has considered that a great many times.

Senator BAILEY. I can not believe that the world is made wiser or better to be informed of some sensational episode than if it had before it a good man's sermon every Sunday.

Mr. STONE. Would you read the good man's sermon every Sunday?

Senator BAILEY. Yes. And hear it, too.

Senator WILLIAMS. Is it not attributable to the fact that newspapers in giving news will call attention rather to the remarkable things that they think will excite attention?

Mr. STONE. The great trend of the world does not find expression in the news of the day, and I think that is a distinct fault of all our newspapers and of our service as well, and it is one I hoped I could remedy somewhat. For instance, the people who live in France or Switzerland who read the daily papers in respect of the United States, think all we do is to have lynchings and railroad accidents and murders, and the great quiet trend of the country would never find expression.

Senator WILLIAMS. Do not you suppose that could be helped somewhat by the newspapers of this country?

Mr. STONE. It might be; but I think the newspapers of this country are brought to the condition they are in—I am not sitting up here to criticize the newspapers of the United States, but I mean that the public demand is for sensational news.

Senator BAILEY. The real truth of it is that if the Washington Star should publish to-morrow that on next Sunday morning in their splendid edition they were going to recount the life services of a good man and tell how much good he did, they will not sell 300 papers and the people will not read it; but if they advertise they are going to expose some man, they will sell 3,000.

Mr. STONE. That is just the problem.

Senator BAILEY. I am not lecturing you or the newspapers, but I do not think the newspapers ought to minister to that kind of depraved taste.

Mr. STONE. Do you not think the Senators are doing that and that Congress is doing that?

Senator BAILEY. Except when we call some gentleman before us.

Mr. STONE. I am not lecturing you, Senator.

Senator BAILEY. I want to say to you that in my opinion a newspaper, just like an individual, must at least exert an influence just in proportion as he exerts it wisely and for a good purpose.

Mr. STONE. His influence will depend upon his character.

Senator BAILEY. A newspaper must lose its influence ultimately, and I hate to see that, because I regard the press of so much value, and think that if they keep on calling good men bad after awhile people will pay no attention; and when they do want to expose the misconducts of a bad man they will have no audience to hear what they want to say.

Mr. STONE. The worst reports in the world are from private citizens who give information to the newspapers.

Senator BAILEY. I think probably you are right about that. Leaving that for a moment, Mr. Stone, your instructions to your correspondents are not to express opinions but just to give the facts.

Mr. STONE. Distinctly.

Senator BAILEY. Your instructions to them are not to indicate in their correspondence a preference one way or the other for legislative measures?

Mr. STONE. And it goes beyond that, Senator.

Senator BAILEY. And when they do now and then say something they ought not to say about a man they are generally pretty ready to correct that under your instructions, or without your instructions?

Mr. STONE. It is a great pleasure to correct. We have done it several times and I would be glad to do it any time.

Senator BAILEY. But you have not had very frequent occasion to do that?

Mr. STONE. No, sir; but I say we have done it several times. I want to say to Senator Smoot—he is interested in a newspaper, and is a member, I think, of the Associated Press, are you not?

Senator BAILEY. With all the other things to add to.

Mr. STONE. He broke into our wicked monopoly.

Senator SMOOT. And had to pay for it.

Mr. STONE. I want to say that his first duty as a member of the association, to himself and to the public and to me, was that if he felt that the reports of this business were not fair to sit down and write me something in respect to it. That he has never done.

Senator WILLIAMS. He could have phoned to you.

Mr. STONE. Yes, sir.

Senator SMOOT. Mr. Stone, I do not think I ever bothered any officer of the Associated Press in any way, whether the news was against me or for me.

Mr. STONE. It is not a question of whether it is for you or against you, but whether it is right or wrong.

Senator SMOOT. To tell you the truth, I have paid very little attention to what the papers of the country have said.

Mr. STONE. I judge from what you say about our reports that that is true.

Senator WILLIAMS. We have another proposition now. Mr. Ridder's instructions to newspapers were that they should have their correspondents treat favorably the Canadian agreement. I did not know that Senator Smoot was a newspaper man. I would like to ask him whether he is sending out such matter?

Senator SMOOT. I am very glad the Senator asked me that question. I have not the scratch of a pen from a Salt Lake paper and I have not written one word to a Salt Lake paper about reciprocity.

Senator WILLIAMS. I was not talking about what you wrote but what they failed to publish.

Senator SMOOT. Nor have I received one word from a Salt Lake paper. If the Senator from Mississippi wants to know where I got this information I am perfectly willing to tell him, because of the fact—

Senator WILLIAMS. I am not asking about that. I would like to see, as a matter of curiosity, how nearly your paper publishes the hearings, or which side of the hearings are published mostly.

Senator SMOOT. They publish whatever the Associated Press sends, and if you will come to my office to-day—

Senator WILLIAMS. Oh, if I have to go to your office to read it myself, I will back out.

Senator SMOOT. I am perfectly willing to show you.

Mr. STONE. I want to say that no gentleman here can do me a greater service, if he conscientiously believes our reports to be unfair, than let me know at once. My observation is, as a rule, that gentlemen generally do not want the service to be unfair; they want it to be the other way.

Senator GALLINGER. I think you have shed a flood of light on this subject.

Mr. STONE. I thank you.

Senator GALLINGER. I expected that that was so before you made your suggestion, that, as a matter of fact, it makes no difference what your representatives send out from Washington or any other city, the editor of the paper can fix it to suit himself.

Mr. STONE. Yes, sir; and we are not responsible for the headlines.

Senator GALLINGER. He can make his own headlines and draw his own deductions and publish what he pleases and in any way he pleases!

Mr. STONE. Yes, sir.

Senator GALLINGER. That is what we are suffering from in this controversy.

Senator WILLIAMS. If I were running a newspaper and running for the Senate and you sent me a press dispatch favorable to the other candidate I would not publish it.

Mr. STONE. But I would probably hear from you.

Senator BAILEY. He would not forfeit his membership?

Mr. STONE. No, sir; but I might forfeit my position.

Senator GALLINGER. The truth is—and I do not know that I ought to say this for the record—that not the Associated Press but the Publishers' Association largely control the matter.

Mr. STONE. Yes, sir; I am not responsible.

Senator GALLINGER. So that the editors can give one side of the matter and not the other.

Senator BAILEY. The editors will have their chance, and it will be about even. Mr. Chairman, if this is the end of the hearings I think there is a question here as to whether this bill before us agrees with the treaty as negotiated, and the Secretary of State ought to be invited to come here and tell us whether or not that is true.

Mr. STONE. Will you indulge me one minute?

Senator BAILEY. Certainly; I thought you were through.

Mr. STONE. Senator Lodge, this morning, and some other gentlemen, in the hearing of Mr. Ridder, called attention to what are known as press rates. I would like to say a word or two with respect to that. The telegraph and telephone companies are under the operation of the interstate commerce law, as passed by Congress, providing distinctly that there shall be no discrimination in rates except where there may be special classification of press rates. Press rates are known the world over. There is not a country in the world that does not give a lower price for press rates than for what are known as commercial rates. But as to the Associated Press, in the eighteen years that I have been general manager of one organization or the other, I have never enjoyed any better rates than any other human being could enjoy doing a like service. I want that most distinctly understood.

Senator SMOOT. I would like to have you explain that word "like," because there are only a few who are furnishing a press service.

Mr. STONE. You can start an association to-morrow and get the same service.

Senator SMOOT. But in that case it would be a lower rate than I could receive myself?

Mr. STONE. No; on the contrary it is a higher rate. If we were sending telegrams to the Salt Lake Tribune or the Salt Lake Herald-Republican to-day from the Associated Press, and to that paper alone, it would be at exactly the same rate if John Smith did it. If I divided it among four or five papers obviously they would get a lower rate than if it only went to one paper. But that would be true if you did or if anybody else did—that is, send it to four or five papers.

Senator SMOOT. They certainly have a press rate out there, and the paper does not pay what John Jones would pay.

Mr. STONE. The paper pays exactly what they would pay if it came from John Jones. I do not say that they would pay the com-

mercial rate; I say they would pay the press rate whether it comes from us or any correspondent in the galleries here.

Senator SMOOT. That is true.

Mr. STONE. And the rate is uniform everywhere. I mean to say we have no discrimination; there is no discrimination in favor of the Associated Press for what are known as "press rates."

Senator SMOOT. The whole press service gets a lower rate.

Mr. STONE. Yes. Some one said that we had the advantage, in sending messages, of priority in the messages in this country. That is not true at all. Some one said—I do not know whether it was Senator Heyburn or not—but some one said that if he put a dispatch into the telegraph office and I was putting in one representing the Associated Press the Associated Press telegram would go first. That is distinctly untrue. The commercial messages go before the Associated Press messages.

Senator HEYBURN. I did not make the statement. I only inquired whether it were true.

Mr. STONE. I beg your pardon. I did not mean to say that what you said was untrue, Senator.

Senator HEYBURN. I did not make that statement. I simply inquired if that were the fact.

Mr. STONE. It is not a fact.

Senator BAILEY. Mr. Stone, I did not quite understand that suggestion where the two messages were filed at the same time. If you filed your message and I stood there and filed a commercial message, they would not send mine, filed immediately afterwards, before they sent yours, would they?

Mr. STONE. The chances are they would; that is, they would send them, perhaps on different wires, at the same moment if they could.

Senator BAILEY. They are not authorized by any law to judge as to the importance of them?

Mr. STONE. No; but there is a surviving feeling that commercial messages pay more than press-rate messages, and they give them the advantage, as the rule.

Senator BAILEY. I should suppose that in all public places the first come must be the first served.

Mr. STONE. That is broadly true, but as a matter of fact there is an old surviving theory that commercial telegrams pay more. Another thing as to the leased wire rate. You spoke of our having our own wires. We lease wires precisely as the other agencies do, and precisely as a great many individual newspapers do, and precisely as a great many stockbrokers do. We pay a higher rate for those wires per mile per month, or per mile per year, than the stockbroker pays, and higher rates than the individual newspapers.

Senator CLARK. When you have a leased wire, is there any other business done over that besides your own?

Mr. STONE. No, sir; we lease a wire and put our operators on that and have the use of that wire. No one else can use it.

Senator SMOOT. Is the advanced price because you send a hundred times more business over the wire than the stock broker?

Mr. STONE. No, sir; it grows out of the fact that we drop out at half a dozen towns and a charge is made for those drops. That is the reason we pay more. We pay \$12 a mile for a night wire and



\$24 a mile for a day wire, and an individual pays \$10 a mile for the night wire and \$20 a mile for the day wire, but there is no discrimination. The discrimination, if anything, is against us. But whatever so-called monopoly we have grows out of the magnitude of the business.

Senator LA FOLLETTE. Mr. Stone, has there ever been any complaint made by members of your association of unfairness on the part of the manager or the management of the association regarding news?

Mr. STONE. Oh, yes, sir; there is hardly—

Senator LA FOLLETTE. Have the members of your association, or any member of your association, complained that you suppressed important news?

Mr. STONE. Oh, yes, sir; we have had that for years.

Senator LA FOLLETTE. That you have colored news?

Mr. STONE. No, sir; I do not think anybody has ever said that—well, I do not know about that. We have had complaints on all sides.

Senator LA FOLLETTE. Did Mr. Ridder make complaint against your association—

Mr. STONE. No, sir; he made complaint against me personally.

Senator LA FOLLETTE. Well, against the management of your association with respect to the suppression of news in the recent campaign?

Mr. STONE. He made complaint against me personally for having suppressed what he regarded as an important item.

Senator LA FOLLETTE. I was called out, Mr. Chairman, just the moment that Mr. Stone first took the stand, and I do not know whether he testified as to the plan of organization of the Associated Press.

The CHAIRMAN. He went into it very fully.

Senator SMOOT. Not Mr. Stone.

The CHAIRMAN. No; not Mr. Stone. I meant Mr. Noyes. Mr. Stone was not addressing himself to that.

Senator LA FOLLETTE. Will you just state how the Associated Press is constituted and how it is controlled?

Mr. STONE. There are something like 800 individual members. They meet in annual convention or have an annual meeting and elect the board of directors. We elect five each year. There is a board of 15 directors, 5 holding office for three years; 5 are elected every year; the board of directors elect a general manager who is charged with the supervision of the work.

Senator LA FOLLETTE. You have how many members of your board of directors?

Mr. STONE. Fifteen.

Senator LA FOLLETTE. You say the members of the association elect a board of directors?

Mr. STONE. Yes, sir.

Senator LA FOLLETTE. Does each member have one vote?

Mr. STONE. Well, each one has one vote, but some of them, under the law of New York—that is, bondholders—have an added vote for directors only.

Senator LA FOLLETTE. Well, your association is not a stock company, I understand.

Mr. STONE. No, sir.

Senator LA FOLLETTE. What do you mean by bondholders?

Mr. STONE. I say under this form, under the law of New York, anyone holding a first mortgage bond in the corporation has the right to vote for directors and manager of the company. Are you not familiar with that law?

Senator LA FOLLETTE. I am not.

Mr. STONE. Well, there is such a law.

Senator GALLINGER. Have you any bondholders?

Mr. STONE. Yes, sir; we have \$122,000 of bonds that were issued when the company was organized to set it on its feet.

Senator LA FOLLETTE. Are those bonds outstanding now?

Mr. STONE. Yes, sir.

Senator LA FOLLETTE. Are they in the hands of the people who acquired them at the beginning of the association?

Mr. STONE. Yes, sir; or their successors in the newspapers that they represent. In some cases people have died and transferred them.

Senator LA FOLLETTE. How many votes has a bondholder?

Mr. STONE. He has 1 for every \$25 of bonds he holds, and he is limited to 40 votes in his holding.

Senator LA FOLLETTE. Have the same board of directors and the same officers been elected for a great many years?

Mr. STONE. No, sir.

Senator LA FOLLETTE. Substantially the same?

Mr. STONE. Last year there were two new ones. No; of the board of directors, as it exists to-day, I should say certainly a minority of that board, were there four or five years ago.

Senator LA FOLLETTE. Are those bonds that you speak of somewhat sought after about the time there is to be an election?

Mr. STONE. Oh, no, sir; they are not transferable in that way.

Senator LA FOLLETTE. Are they all outstanding or some of them held in the treasury?

Mr. STONE. Some of them are held in the treasury.

Senator LA FOLLETTE. Are they returned to the treasury sometimes following an election?

Mr. STONE. Oh, no, sir. You mean are they——

Senator LA FOLLETTE. I mean are they used to promote the same control?

Mr. STONE. Oh, no, sir; not at all.

Senator CLARK of Wyoming. What is the security value, if any?

Mr. STONE. Nothing, except perhaps the good will of the association and what little furniture it has.

Senator CLARK. And they are held by members of the association?

Mr. STONE. All held by members of the association. Nobody else can hold them.

Senator CLARK. A member of your association without a bond—how many votes does he have, a member who does not hold any bonds?

Mr. STONE. He has one vote.

Senator CLARK. How many bondholders are there?

Mr. STONE. I can not tell you offhand. I do not know myself. I will have to look that up.

Senator STONE. Do the bondholders control it?

Mr. STONE. They control the election of the board of directors; yes, sir. They are scattered all over the country. Yes, sir; they control the election of the board of directors.

Senator LA FOLLETTE. How large a number of people comprise the bondholders at the present time?

Mr. STONE. You have already asked me that. About 120, I should think. Yes, sir; there must be over 125 at least—different papers. They are the larger papers of the country.

Senator STONE. Have those bonds a market price?

Mr. STONE. No, sir; they are not transferable; they are not sold. They are never sold to anybody. They would be redeemed before they could be sold and put into the hands of the public.

Senator STONE. What is the face value of them?

Mr. STONE. \$25 each.

Senator CLARK. Which represents the individual contribution of those men toward setting this institution on its feet?

Mr. STONE. Yes, sir.

Senator CLARK. And the bonds control the board of directors?

Senator LA FOLLETTE. The bond vote controls the vote.

Mr. STONE. Yes, sir.

Senator HEYBURN. I would like to ask you whether or not it is permissible for one of your members having a territory to charge those that desire to become members of your organization as a condition precedent to waiving his rights as to his territory?

Mr. STONE. My answer to that is this: That if the man has the right of protest, it is clearly within his privilege to either give it away or sell it or to lose it or to do anything he likes with it.

Senator HEYBURN. So he can monopolize—

Mr. STONE. He can do anything he likes.

Senator HEYBURN. He can monopolize the territory a hundred or more miles.

Mr. STONE. No; that is not a fair statement of it.

Senator HEYBURN. If no other person can get the rights under your association, it amounts to that.

Mr. STONE. I have not said that. That is your suggestion, that nobody else can get the rights. In the first place, Mr. Noyes has testified in my hearing that the right of protest was to prevent the board of directors from electing, but that after that they had no power to prevent the association as a whole from electing. The association can elect in spite of the right of protest.

Senator HEYBURN. Did the association ever turn down the board of directors and grant the right?

Mr. STONE. That is purely a historic question. They had the power to do it.

Senator HEYBURN. But did they ever do it?

Mr. STONE. No, sir.

Senator GALLINGER. Mr. Noyes frankly said they never did.

Senator HEYBURN. I dislike very much to introduce the personal element, but inasmuch as you and I have talked this matter over before on an occasion when the actual question was up, I understood you to inform me that it was against the rules of the association to allow a member to compel a payment for these rights.

Mr. STONE. No; I never could have told you that; but I might have told you this: That I do not think the board of directors would look with favor upon a thing of that kind, and I certainly would not. I never knew it to be done, and I said so the other day.

Senator HEYBURN. On a former occasion——

Mr. STONE. You told me that at one time when you called at my office in New York a gentleman wanted money for this thing, and I had an idea—now this is simply a memory that lives with me, I may be wrong and I may be right—but my recollection is that when the Wallace Press applied for membership, and was elected, I do not know that there was any payment.

Senator HEYBURN. I think I informed you of a demand.

Mr. STONE. I think you did inform me at one time of a demand, and I think I told you that I did not think the board would look with much favor on that sort of thing, and afterwards the application came in and I never knew that any money was paid, or at least if it was I have forgotten it.

Senator HEYBURN. I did it here before the meeting of the board of directors, and we conferred both before and afterwards.

Mr. STONE. The board of directors could not have elected without a waiver of protest.

Senator HEYBURN. I think we waited over your annual meeting. I merely wanted to develop that fact as to whether or not this organization of yours—which I admit is a great organization, and exercises a very excellent performance of a great duty to the public—would grant to an individual the right to control a territory in an undeveloped country; and then, when other States of almost equal importance to that in which the paper was published had grown up, that those States should all be at the mercy of the others.

Mr. STONE. Wallace, Idaho, was certainly not of equal importance to Spokane.

Senator HEYBURN. I knew the time when it was larger. Spokane was a very small place when I first went there.

Mr. STONE. But that was not true when you and I talked.

Senator HEYBURN. And Lewiston also.

Mr. STONE. That was not true of Lewiston.

Senator HEYBURN. Lewiston is a place of considerable importance. I think that when I first knew them it was the larger of the two.

Mr. STONE. But you lived there a great many years before this question came up.

Senator HEYBURN. I am not seeking to open up any personal question. I merely wanted to know to what extent the exclusive right to receive your service exists.

Mr. STONE. A man has an absolute right of protest which will forbid the board of directors from electing a member within that territory until his right of protest is waived by him. Now, upon what conditions he waives the right of protest I do not know.

Senator HEYBURN. I understood you to say that he had no such right—that is, he had no right to sell it; it was against the policy of your organization to permit him to control it.

Mr. STONE. I may have said that it was against the policy, and I did not approve of it, or the board would not approve of it; but that they had the right to override this right of protest I never could have told you, because the board of directors did not have that right, and

it is so set out in the by-laws without question. I will leave a copy of the by-laws with you.

Senator LA FOLLETTE. I wish you would do so.

Senator HEYBURN. I had in mind as to whether or not this was such a monopoly of the news as should be taken into consideration.

Mr. STONE. I shall be very glad to discuss the question of monopoly with you, if you desire to discuss it.

Senator HEYBURN. You can open it up yourself, so far as you see fit to do so. I have no desire to do more than open up the question for consideration.

Mr. STONE. I will be very glad to furnish you a copy of the by-laws, or any other member of the committee.

Senator HEYBURN. I have a copy of them. That is all I desire to develop—the question as to your control of territory.

Senator WILLIAMS. There is one question that I would like to ask you, more of historical interest than anything else. Who are the people who have these protests, and how far back do they date?

Mr. STONE. They begin with the organization of the present Associated Press in 1900, and they came down as a legacy from the former institutions.

Senator WILLIAMS. When did you terminate the system of giving anybody the right of protest?

Mr. STONE. At that time.

Senator WILLIAMS. In 1900?

Mr. STONE. In 1900. There are approximately 260 out of 800 members of the Associated Press who have that right of protest.

Senator WILLIAMS. Those 260 members, with a right of protest, approximately how nearly do they cover the country?

Mr. STONE. Not one-tenth, not one-twentieth, not one-hundredth of the country. Those rights of protest, as a rule, extend over a territory of from 30 to 60 miles around a city.

Senator WILLIAMS. If any of those men waived that right does anybody else have it?

Mr. STONE. It survives to the member or paper that succeeds.

Senator WILLIAMS. The only way it can be destroyed is by that paper going out of business?

Mr. STONE. Yes, sir.

Senator WILLIAMS. Can that paper transmit it to another paper?

Mr. STONE. No, sir.

Senator WILLIAMS. The right of protest can not be sold to another paper, or assigned to it, or transferred to it?

Mr. STONE. No, sir.

Senator SMOOT. It can be assigned, can it not, Mr. Stone?

Senator WILLIAMS. I mean the right of protest itself.

Mr. STONE. The right of protest goes with the paper.

Senator LA FOLLETTE. It goes with a franchise.

Mr. STONE. We do not call it a franchise.

Senator HEYBURN. The territory I refer to is something like 175 miles.

Mr. STONE. Yes, sir; but that is the only case in the Associated Press that exceeds 60 miles. You happened to strike the one case.

Senator HEYBURN. A great many cities have grown up within that area?

Mr. STONE. Yes, sir; and I want to say to you that I think every member of the board of directors wishes that right of protest did not exist.

Senator GALLINGER. You say the right of protest covers a very small area of the United States?

Mr. STONE. Very.

Senator GALLINGER. But it exists in all the great cities, does it not?

Mr. STONE. Yes, sir; in all the large cities; that is true. In many cases, under certain limitations. For instance, in Portland, Oreg., when its population reached 150,000, it ceased as to a morning and evening paper, and that is true of a number of cities.

Senator SMOOT. Mr. Chairman, if Mr. Stone is through, I move that we adjourn now until 10.30 o'clock to-morrow morning.

Senator BAILEY. I would like to have the Secretary of State here to-morrow on this question.

The CHAIRMAN. If the Secretary of State is to be here, I think the committee had better meet a little earlier.

Senator SMOOT. Then I suggest that we adjourn until 10 o'clock.

The motion of Senator Smoot was agreed to, and accordingly, at 6 o'clock and 10 minutes p. m., the committee adjourned until to-morrow, Tuesday, June 6, 1911, at 10 o'clock a. m.



## MISCELLANEOUS.

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**FILED BY W. H. LYON, OF SIOUX FALLS, S. DAK.**

**RESOLUTIONS OF THE ANTIRECIPROCITY SOCIETY OF SOUTH DAKOTA.**

**ABERDEEN, May 22.**

*To the President and the Congress of the United States:*

This convention, held at Aberdeen, S. Dak., on May 19, 1911, representing the agricultural and stock-raising interests of the State of South Dakota, respectfully and earnestly and unanimously protests against the passage of the so-called Canadian reciprocity act.

The farmers of these Northwestern States have loyally supported a high-protective tariff for the purpose of developing the manufacturing interests of the United States and protecting their employees against the cheap labor of other lands, and have willingly paid the increased prices for manufactured products occasioned thereby. The result has been that our manufacturing development has become the wonder of the world, and the employees in these protected industries have received far higher wages than in any other country on earth.

We also believed that the time would come when the immense development of these manufacturing interests would furnish a local market for the products of agriculture at higher prices than if sold abroad in competition with the cheap labor of Russia, India, and Argentina. That day has now practically arrived, and food consumption has nearly caught up with agricultural production, and although we still export a small portion of our agricultural products our domestic prices on oats, barley, wheat, flax, and corn, and other agricultural products (except in cases of unusually large crops), will average considerably higher than across the Canadian line, with equal freights to Liverpool.

### **DEVELOPMENT OF CANADA.**

The Canadian northwest has barely begun to develop. Its production of grain, according to the careful estimates of Canadian and English statisticians, partially corroborated by our own Department of Agriculture, can be ultimately increased to several times the present total product of the entire United States. Canadian possibilities have already taken from us thousands of American citizens, who with their millions of capital should have been encouraged to develop the resources of our own country rather than expatriate themselves to a foreign land. The adoption of this treaty will stimulate this exodus of our American citizens and encourage Canadian development at our expense by allowing the entire Canadian surplus free access to our markets, and thereby put our farmers into direct competition with the Canadian producer, who has virgin soil, much cheaper and more productive land, pays lower wages and lower taxes and a lower tariff upon manufactured products, and has equal if not better facilities for reaching the world's markets. The inevitable result



will be that the prices of our grains will again fall to the world's level and be fixed at Liverpool, as in former years, instead of in Chicago or Minneapolis, and will again come into competition not only with Canadian products but with the cheap labor of all the grain exporting countries of the world.

The rapid development of the Middle West years ago was a fearful blow to the agricultural interests of New England and the Eastern States, resulting in abandoned farms, depreciated land values, and discouraged farmers. Who is bold enough to say that history will not repeat itself and that similar results may not befall the farmers of the Middle West as the ultimate result of the free admission of grains from the "future granary of the world," the great Canadian northwest?

#### ENGLAND'S EXAMPLE.

Free-trade England does not protect its farmers, and the result is that more than 3,000,000 acres of its farming land have gone out of cultivation during the last generation as the result of the free importation of the farm products of the world. The great Bismarck declared that the prosperity of the United States was based upon its protective tariff, and Germany thereupon inaugurated and has ever since maintained the protective system, both upon its agricultural as well as its manufacturing interests, and has made marvelous progress. France also protects its farmers against injurious foreign competition. Are not the farmers of the United States as worthy of protection as those of France and Germany or the employees and proprietors of the manufacturing interests of the East?

We resent the so-called farmers' free-list bill as a sop to the outraged farmers of the Northwest, and declare our conviction that such a law will be of little if any benefit to us. The farmers of South Dakota do not ask for the admission free of duty of agricultural implements, supplies, or any manufactured products which can be made in the United States with American labor at a reasonable cost and sold at reasonable prices.

#### BELIEVE IN PROTECTION.

We not only wish protection for ourselves, but we unselfishly favor the protection of every producer of the United States in the production of goods and other products made or grown in competition with the cheap labor of other lands. If, however, the protection now enjoyed by us upon our farm products is taken away there will be little advantage to us in a home market, as the price of grain will be the same in cities upon both sides of the international line, less freight to Liverpool. And while making no threats as to our future political action, we frankly suggest to the employees and proprietors of the protected industries of the East, whom we shall hold chiefly responsible in case of the passage of the reciprocity bill, whether they expect us to favor the continuance of a high protective tariff for their exclusive benefit when they have selfishly taken away all protection upon the products of our farms?

It is only during the last few years that farm lands have materially increased in value and agriculture has been even fairly prosperous.

The farmer is deprived of many of the advantages, comforts, and conveniences of city life. His entire family are at work from daylight until dark, and know no eight-hour day. A large investment in horses and machinery is required. After allowance of wages for labor no greater than paid to the ordinary laboring man, and the wear and tear on farm machinery, repairs to fences and buildings, the payment of taxes, and the expense of sufficient fertilization of the ground to prevent deterioration, the average net return upon the capital invested will not amount to one-half as much as the ordinary merchant or manufacturer expects to receive upon his investment.

#### THE PROFITS SMALL.

Had it not been for the great increase in farm values and temporarily increased prices of farm products of recent years, a large percentage of grain farming would have been conducted at a loss instead of a profit. Even with the unusually high prices of farm products last year the average net return upon developed farms was very small.

The avowed object of the passage of this bill is to reduce "the cost of living"; but while its effect will undoubtedly be to lower the price received by the farmers, it is extremely doubtful if the consumer will receive any substantial benefit. At the time this treaty was negotiated we enjoyed an advantage over the Canadian producer of about 12 cents per bushel on northern wheat, 30 cents per bushel on barley, and 25 cents per bushel on flax. We had no advantage on oats, on account of excessive production, making it necessary to market abroad an unusually large surplus. This advantage is so small that it does not affect the price paid by the ultimate consumer for a loaf of bread, a glass of beer, or a gallon of paint. The blow will fall upon the agricultural interests alone, and with little probable benefits to the ultimate consumer, who is seldom required to pay less than 50 per cent profits upon the price received by the producer. The real cause of the alleged high cost of living is the excessive cost of transportation and the needless waste in distribution, which often more than doubles the price between the original producer and the ultimate consumer.

The tariff upon hides was removed, to the great detriment of the stock raiser and immense loss of customs duties formerly paid on imported hides, and the result has been an increase in the price of shoes and leather instead of a reduction, as confidently promised at the time the tariff was removed. The reciprocity act removes all the protection on farm products, and the next step proposed is the abolition of the tariff on wool, which will complete the removal of the last vestige of protection enjoyed by the northwestern farmers. What have we done to merit such treatment by the people of the United States?

The Canadians are as loyal to the English King to-day as they were in Revolutionary days. They have given and will continue to give, even after the passage of this act, a great advantage to English manufactured products over those of the United States. They buy our goods only because of price, quality, and speedy delivery.

There is no advantage likely to result to any portion of the people of the United States that will offset in the slightest degree the disastrous effects upon agriculture which are absolutely sure to follow the passage of this bill. One-third of the entire population of the United States is engaged in agriculture. When their prosperity is menaced, every avenue of trade and commerce will be affected, and the mad rush from our farms to the congested cities will again recur. The depressed prices of farm products, certain to result from the passage of this act, will have a similar effect upon agriculture as a complete abolition of our protective tariff laws would have upon the manufacturing industries of the East protected thereby.

**STATEMENT OF THE AMERICAN PROTECTIVE TARIFF LEAGUE,  
BY WILBUR F. WAKEMAN, TREASURER AND GENERAL SEC-  
RETARY.**

**AMERICAN PROTECTIVE TARIFF LEAGUE,  
New York, June 1, 1911.**

HON. BOIES PENROSE,  
*Chairman Finance Committee, United States Senate,  
Washington, D. C.*

DEAR SENATOR: I read in the Washington correspondence of the New York Times of June 1 the following:

Mr. Allen finally admitted that although no cash had actually been received from the sources specified, promises to pay had been received from Mr. Wood, of the woolen company, Arthur Hastings, of the International Paper Co., Leonard Bronson, general manager of the National Lumber Association, and Wilbur F. Wakeman, of the American Protective League.

If it be true that Mr. Allen made such a statement or said anything of similar purport in his testimony before your honorable committee, I beg the privilege of placing before your committee the statement that no promise of financial assistance of any kind to Allen & Graham or anyone else was ever made by me or by any officer of the American Protective Tariff League. I have never had any dealings or any personal interview or correspondence with Allen & Graham on the subject of Canadian reciprocity.

The Tariff League applied to Mr. Bachelder, grand master of the National Grange, for a list of names of grange members. Mr. Bachelder declined to furnish such list.

Our purpose in asking for this list was that of reaching the farmers of the United States with literature calculated to arouse them to a sense of the danger to them that is involved in the proposition to inaugurate free trade in agricultural products. The position of the American Protective Tariff League on this question is set forth in the following resolution unanimously adopted March 21, 1911:

**CANADIAN RECIPROCITY.**

Whereas the American Protective Tariff League has always advocated and now advocates a protective tariff which shall adequately secure all American industrial products, whether of factory or farm, against foreign competition; and

Whereas the league has an abiding faith in the wisdom of a policy which brings the factory and farm closer together; and

Whereas, in our judgment, the Canadian reciprocity agreement is a gross violation of the policy of protection, in that it unfairly sacrifices the interests of American agriculture; and

Whereas the manufacturer can not hope to retain protection for his industry when protection shall have been denied to the farmer: Therefore be it

*Resolved*, That the American Protective Tariff League is unalterably opposed to the adoption of the Canadian tariff agreement, and urges that all friends of protection bring to bear every proper influence upon the Congress of the United States against the adoption of said agreement.

In the interest of fair play and of an intelligent understanding of the attitude of the Tariff League regarding the proposed Canadian agreement, I ask that this communication be given a place in the proceedings of your committee.

Sincerely, yours,

**WILBUR F. WAKEMAN,**  
*Treasurer and General Secretary.*

**SUBMITTED BY W. B. ROPER, IN COMPLIANCE WITH REQUEST OF  
THE COMMITTEE.**

**THE NORTH CAROLINA PINE ASSOCIATION,  
Norfolk, Va., May 31, 1911.**

**Hon. BOIES PENROSE,**

*Chairman Senate Committee on Finance, Washington, D. C.*

DEAR SIR: During the course of the hearing which you gave the representatives of this section on the 18th instant Senator La Follette requested us to furnish for the record statements showing the cost of manufacturing lumber, as well as statement of the average value of the output. I have gotten the figures, therefore, from four of the principal manufacturers located in different sections of Virginia and North Carolina and give you their figures as follows:

No. 1. This plant is located in the Newbern section of North Carolina, and shows the cost of manufacturing for the year 1900 of \$11.39, and for the year 1910, \$12.15. The average price received for the lumber for the same period was \$12.32 f. o. b. mill. In the above cost figures is included 5 per cent interest on the investment in plant and timber, but the stumpage is not included.

No. 2. This plant is located in the Elizabeth City section of eastern North Carolina, and shows a total manufacturing cost of \$13.18, with an average selling price for last year of \$14.50. In this cost also no stumpage is included, but interest on the investment at 5 per cent is included.

No. 3. This plant is located in the Norfolk or tidewater section of Virginia. The company operating it owns practically no timber, but depends upon buying its logs on the open market. The average price paid for logs last year was \$11.71, and the cost of manufacturing, including overhead charges, was \$5.30, making a total cost of \$17.01. The average selling price of the lumber, on the other hand, was about \$16.68.

No. 4. This plant is located in the central part of North Carolina, between Raleigh and Wilmington. Its figures show a manufacturing cost of \$13.14, with an average price for the lumber of \$14.31. In this case, as in the case of Nos. 1 and 2, no stumpage whatever is figured in the manufacturing cost, so that the difference between the cost and the amount received for the lumber would represent the stumpage and would be far from adequate.

Stumpage in the sections covered by these three plants will average, certainly, \$3 per 1,000 under present conditions, and if it is figured on that basis you will find that each of these plants would lose money.

I trust that these figures will be of assistance to you in arriving at a proper understanding of the situation as regards the lumbermen in this section. If there is any further information that you need, we will be glad to furnish it to you.

Yours, truly,

**W. B. ROPER,**  
*Secretary-Treasurer.*

**STATEMENT SUBMITTED IN WRITING BY CHESTER W. LYMAN,  
OF NEW YORK.**

**MEMORANDUM REGARDING THE REPORT ON THE PULP AND NEWS-PRINT-  
PAPER INDUSTRY BY THE TARIFF BOARD.**

*WASHINGTON, May 24, 1911.*

The investigations preceding this report were the most systematic and thorough ever made of this industry, and the data secured are the most authentic and reliable. The report is generally accepted by the manufacturers as correct in every important feature and as absolutely conclusive as to the power to destroy the industry that would be given to Canada by removal of our duty, even though we had access to her Crown lands. This conclusion is based on the facts demonstrated in the report that the cost of wood is about \$5 per ton of paper less for the average Canadian mill than for the average United States mill, and the cost of paper \$5.35 less.

The gist of the whole report is:

First. That every mill in the United States pays more for pulp wood than the average cost in Canada, and that the average difference is indicated to be over \$4 per cord.

Second. That 100 per cent of our ground-wood pulp costs more to make than the Canadian average cost, and that our average cost is \$5 per ton more than the Canadian.

Third. That about 90 per cent of our sulphite fiber costs more to make than the Canadian average, and that our average cost is \$5.50 per ton more than the Canadian.

Fourth. That at least 77 per cent of our news-print paper costs more to make than the Canadian average, and that our average cost is \$5.35 per ton more than the Canadian average.

The data for the United States cover, besides many pulp mills, paper mills making 940,478 tons per annum of news-print paper, or about 80 per cent; the data for Canada cover practically the same percentage. Thus the field was fairly completely covered and the result would not be substantially changed by the 20 per cent not investigated.

If comparisons are made of the costs of production given in the report, with prices paid by the purchaser, either given in the report or coming from any other source, the fact should not be lost sight of that the expenses of selling, general administration, depreciation, and interest are not included in the costs.

**PRODUCTION OF PULP AND PAPER IN THE UNITED STATES.**

A United States census bulletin recently published attests the great growth of the industry as a whole, and particularly the news-print division, during the 10 years preceding. The value of all paper

and pulp products was, in 1899, \$127,327,000, and in 1909, \$267,869,000, an increase of \$140,542,000, or 110 per cent. The annual tonnage of news paper in rolls for printing increased from 455,000 tons to 1,091,000 tons, or 140 per cent, thus much more than doubling in 10 years, while the value increased from \$15,755,000 to \$42,807,000, or from \$34.63 per ton to \$38.96, i. e., \$4.33, or only 12.5 per cent, in 10 years.

The reciprocity program not only places all news-print paper on the free list, but about three-quarters of the whole industry. The very portion that is most in need of protection, viz, that made from wood, is to be exposed to our most formidable competitor. The manufacture of news-print and several other grades of paper must be largely surrendered to the Canadians, and the whole industry will be shaken to its foundations. If the duty had been taken off 10 years ago, instead of this enormous addition to the national wealth, it is extremely doubtful if the industry would have more than held its own and remained stationary. Under existing conditions, if the duty is now removed, it is certain that not only further development will absolutely cease in news-print paper production and kindred grades, but also that production will positively recede. Is this a matter of indifference to the people of this country? It is not too much to say that the committee has the fate of this industry in its hands. To say nothing of the loss inflicted on stockholders, there are about 100,000 people employed in the industry, very many of whom will be injured by loss of work, partially and completely, and loss of their investment in homes.

TABLE 4.—Summary of the cost of manufacture of ground-wood pulp, sulphite fiber, and news-print paper, showing total cost, highest, lowest, and average cost per ton of product, by specified items of cost, for mills in the United States reporting data.

Items.	Total cost of specified items in mills reporting.	Cost per ton of product.		
		Lowest.	Highest.	Average.
<b>Ground-wood pulp:</b>				
Wood.....	\$7,418,586.42	\$6.90	\$13.33	\$10.23
Manufacturing labor.....	1,578,215.95	.98	5.90	2.16
Other costs.....	1,581,946.95	.30	6.83	2.18
Total cost in bulk at mills.....	10,578,749.32	9.80	21.32	14.59
<b>Sulphite fiber:</b>				
Wood.....	8,204,140.66	13.28	25.89	18.58
Manufacturing labor.....	1,685,108.86	2.09	6.51	3.84
Other costs.....	4,223,442.32	6.72	14.68	9.57
Total cost in bulk at mills.....	14,122,691.84	24.47	40.16	31.99
<b>News-print paper:</b>				
Materials—				
Ground-wood pulp.....	12,481,616.83	8.26	18.54	13.27
Sulphite fiber.....	8,118,307.55	6.45	14.12	8.63
Other materials.....	785,481.02	.32	3.25	.84
Total materials.....	21,385,405.40	15.64	29.22	22.74
Manufacturing labor.....	3,075,148.88	2.19	7.26	3.27
Other costs.....	6,460,846.11	4.63	10.05	6.57
Total cost in bulk at mills.....	30,921,400.39	24.50	43.00	32.88

TABLE 5.—*Cost of production of ground-wood pulp, sulphite fiber, and news-print paper in the United States, by classified rates of cost per ton.*

Total cost per ton.	Number of establishments.	Tons produced.	Per cent of total production.	Average cost in each group.
<b>Ground-wood pulp:</b>				
Under \$10.....	2	111,966.6	15.4	\$9.90
\$10 and under \$12.....	4	50,116.1	6.9	10.90
\$12 and under \$14.....	7	107,164.8	14.8	13.48
\$14 and under \$16.....	16	197,355.3	27.2	15.18
\$16 and under \$20.....	22	246,989.8	34.1	17.18
\$20 or over.....	2	11,661.3	1.6	20.58
<b>Total.....</b>	<b>53</b>	<b>725,253.9</b>	<b>100.0</b>	<b>14.59</b>
<b>Sulphite fiber:</b>				
\$24 and under \$26.....	1	37,725.0	8.5	24.47
\$26 and under \$30.....	5	67,731.2	15.3	28.98
\$30 and under \$32.....	5	84,728.2	19.2	31.17
\$32 and under \$34.....	5	130,851.3	29.7	33.15
\$34 and under \$36.....	6	94,711.4	21.5	34.89
\$36 or over.....	3	25,711.4	5.8	37.14
<b>Total.....</b>	<b>25</b>	<b>441,458.6</b>	<b>100.0</b>	<b>31.99</b>
<b>News-print paper:</b>				
Under \$25.....	1	45,022.2	4.8	24.50
\$25 and under \$30.....	4	170,319.8	18.1	26.18
\$30 and under \$32.50.....	7	210,215.7	22.4	31.96
\$32.50 and under \$35.....	7	205,992.3	21.9	34.07
\$35 and under \$37.50.....	6	107,373.4	11.4	36.08
\$37.50 and under \$40.....	12	194,004.3	20.7	38.31
\$40 or over.....	1	6,850.4	.7	43.00
<b>Total.....</b>	<b>38</b>	<b>940,478.1</b>	<b>100.0</b>	<b>32.88</b>

## COST OF PRODUCTION IN THE UNITED STATES.

Table 5 shows the cost of production of ground-wood, sulphite-fiber, and news-print paper in the United States by classified rates of cost per ton and the percentage of output at each rate. This is a most important table, as it allows persons with divergent views as to the degree of protection proper to be afforded to determine each for himself where the line should be drawn—i. e., what proportion of the industry should be protected. If protection is to be based on the average cost, it means that one-half of the industry will be unprotected. This is a most exacting standard. If two-thirds is to be protected, it leaves one-third exposed and to shift for itself as best it can. Personally I consider the two-thirds and one-third division as sounder economically and calculated to produce better results in any industry. By glancing at the last column of Table 5 it is easy to see what is a normal cost as distinguished from the average cost; thus the average cost of news-print paper is \$32.88 per ton, but I would call the normal cost \$34. A duty fixed on this basis would leave about 33 per cent unprotected. In an industry that has increased 140 per cent in 10 years it is fair to assume that at least two-thirds of the plants must be reasonably efficient, and thus entitled to protection. Any more rapid elimination of plants would simply be wastefully annihilating capital, as the meager profits prevailing in this industry render it impossible to get a complete return of the capital invested without prolonging the life of the plant and equipment to the utmost limit. The larger the profit the more rapidly an



industry can and will make replacements in equipment. On the basis of leaving one-third of the productive capacity entirely without protection and protecting only the normal cost of, say, \$34, the duty on news-print paper, without any allowance for profit, should be \$6.50. This would still give the average existing Canadian mill an advantage over one-third of our mills in our market, and the Canadian mills of the future will produce paper cheaper than their average mill of to-day.

#### COST OF PRODUCTION OF GROUND-WOOD PULP.

The average cost is \$14.59 per ton, while the normal would appear to be about \$16.30. The cost of production of ground-wood pulp more than any other factor determines the cost of production of news-print paper, as from 80 to 85 per cent of ground wood is used in the paper, and, in turn, the cost of ground-wood pulp is determined more by the cost of pulp wood than by any other factor. The next most important factor is regularity of water power. The wood cost varies from \$6.90 per ton of pulp to \$13.33, with an average of \$10.23. The lowest figure is doubtless due to the fact that some mills owning timberland in the United States take the wood into account at the actual cost of wood operations, without allowance for profit or even interest on the investment in the timberlands, thus making the cost of pulp and paper, in a sense, fictitiously low and requiring a larger profit on the latter to cover the timberlands as well as the manufacture of the pulp and paper.

The report says in reference to ground-wood pulp:

The extreme variation in the labor costs is due neither to difference in industrial efficiency of labor nor to that in equipment, since the equipment of the grinding rooms is fairly similar in all mills under investigation. The difference is principally due to variations in available water power.

This is due to irregular flow in the rivers, to correct which paper manufacturers have devoted much effort and money.

#### COST OF PRODUCTION OF SULPHITE PULP.

The average cost is \$31.99 per ton, while the normal cost would appear to be about \$33. The report says:

Here, too, the chief evidence of variation in cost lies in the item of wood cost—the variation in the cost of wood alone is almost equal to that in the total cost of pulp, and therefore goes far to account for the latter.

Again, it says:

The great divergence in the cost of labor per ton of sulphite is due principally to the difference in the size of the digesters used by the different companies.

#### COST OF PRODUCTION OF NEWS-PRINT PAPER.

The average cost is \$32.88 per ton, while the normal would appear, as already explained, to be about \$34.

TABLE 6.—*Manufacturing labor cost per ton of ground wood pulp, sulphite fiber, and news-print paper, by classified rates for mills in the United States reporting data.*

Range of labor cost per ton of product.	Number of establishments.	Tons produced.	Per cent of total tons produced.	Average cost per ton.
<b>Ground wood pulp:</b>				
Under \$1.....	1	38,498.5	5.3	\$0.98
\$1 and under \$1.50.....	2	26,599.3	3.7	1.34
\$1.50 and under \$2.....	16	302,964.6	41.8	1.69
\$2 and under \$2.50.....	11	134,869.0	18.6	2.33
\$2.50 and under \$3.....	11	146,827.9	20.2	2.81
\$3 and under \$3.50.....	7	36,374.3	5.1	3.26
\$3.50 and under \$4.....	4	36,484.3	5.0	3.59
\$4 and over.....	1	2,636.0	.3	5.90
<b>Total.....</b>	<b>53</b>	<b>725,253.9</b>	<b>100.0</b>	<b>2.18</b>
<b>Sulphite fiber:</b>				
Under \$2.50.....	2	34,863.3	7.9	2.26
\$2.50 and under \$3.....	4	71,094.1	16.1	2.87
\$3 and under \$3.50.....	3	51,055.2	11.6	3.41
\$3.50 and under \$4.....	4	51,023.8	11.5	3.86
\$4 and under \$4.50.....	5	156,356.8	35.4	4.15
\$4.50 and under \$5.....	4	49,871.3	11.3	4.71
\$5 and over.....	3	27,104.6	6.2	5.78
<b>Total.....</b>	<b>25</b>	<b>441,458.5</b>	<b>100.0</b>	<b>3.84</b>
<b>News-print paper:</b>				
\$2 and under \$2.50.....	2	93,286.9	9.9	2.24
\$2.50 and under \$3.....	5	297,275.5	31.6	2.84
\$3 and under \$3.50.....	10	225,901.7	24.0	3.20
\$3.50 and under \$4.....	9	192,079.3	20.4	3.65
\$4 and under \$4.50.....	9	104,569.2	11.1	4.22
\$4.50 and under 5.....	1	12,077.3	1.3	4.85
\$5 and under \$6.....	1	8,337.8	.9	5.63
\$6 and over.....	1	6,950.4	.8	7.26
<b>Total.....</b>	<b>38</b>	<b>940,478.1</b>	<b>100.0</b>	<b>3.27</b>

The wide range in the cost from \$24.50 to \$43 per ton is partly explained by the wide range in the cost of ground-wood pulp, due to variations in cost of wood and irregularity of power, and, in the cost of sulphite, due to variation in the cost of wood and in the size of digesters, both of which variations are carried into the cost of paper, and is further explained as to the item of labor by Table 6, which shows a wide range in the cost of labor in both kinds of pulp and paper, but the per cent of very high and very low labor is small, the cost for the greater part being uniform.

Finally, Table 5 shows in the total costs of production that the percentages at both major and minor extremes, not only in regard to paper, but pulps, are small, and also shows that the great bulk of each kind of product is produced within comparatively narrow and reasonable ranges. These extreme costs are thus exceptional and should be disregarded and attention concentrated on what appears to be the normal costs. This is a more practical and common-sense way of looking at the subject than considering abnormal conditions.

TABLE 7.—Average cost per ton of product for specified items entering into the cost of production of ground-wood pulp, sulphite fiber, and news-print paper for mills in the United States reporting data.

Items.	Average cost per ton of—		
	Ground wood.	Sulphite fiber.	News-print paper.
Wood.....	\$10.20	\$18.50	.....
Sulphur.....		3.21	.....
Lime and limestone.....		.60	.....
Ground wood.....			\$13.16
Sulphite.....			8.63
Waste paper.....			.79
Fillers.....			.40
Other materials.....			.42
Manufacturing labor.....	2.18	3.84	3.27
Pulp stones.....	.12		.....
Felts.....	.09	.16	.82
Wires.....	.04	.04	.36
Screen plates.....	.10	.09	.05
Belting.....	.07	.13	.12
Lubricants.....	.06	.06	.08
Coal.....	.07	2.07	1.81
Wood.....		.17	.52
Finishing materials.....			.86
Other works expense.....	.27	.52	.60
Water power.....	.93	1.36	1.31
Repair materials.....	.57	1.18	.85
Repair labor.....	.38	.78	.55
Administration expense.....	.36	.39	.45
Miscellaneous operating expense.....	.27	.21	.26
Accident insurance.....	.03	.04	.03
Fire insurance.....	.06	.07	.07
Taxes.....	1.24	1.25	1.26

<sup>1</sup> Water-power costs reported by 8 establishments with tonnage of 204,340.8.

<sup>2</sup> Includes electric power in 3 mills having 13 per cent of the total product.

<sup>3</sup> Mills with 42.8 per cent of total production report fire insurance, accident insurance, and taxes combined.

<sup>4</sup> Mills with 28.3 per cent of total production report fire insurance, accident insurance, and taxes combined.

<sup>5</sup> Mills with 38 per cent of total production report fire insurance, accident insurance, and taxes combined.

Table 7 gives the average cost of production in greater detail than is attempted in former tables. Elements of cost are here itemized and the average for all mills from which such items were secured is given.

In the table the three commodities, ground-wood pulp, sulphite pulp, and news-print paper, have been put in separate columns.

Table 7 gives the average cost of each item of cost of ground wood, sulphite, and paper, and may thus be regarded as a sort of standard for the industry as to detail. The total of each column would give an imaginary cost or standard for ground wood, sulphite, and print paper, respectively. They are very close to the normal costs arbitrarily already deduced from Table 5, being as follows: Ground wood, \$16.03 (normal, \$16.30); sulphite, \$32.76 (normal, \$33); print paper, \$34.76 (normal, \$34).

This study of the industry as a whole is not only pertinent, but necessary, as the Tariff Board does not pretend to say or recommend what duty is justifiable or desirable. This committee is not charged with fixing the duty on pulp or paper, and it is therefore proper that we should point out to the committee what, in our opinion, constitutes a true measure of the protection which is our due, and of the injustice to us that this reciprocity bill carries with it.

## COST OF PRODUCTION OF PULP AND NEWS-PRINT PAPER IN CANADA.

By referring to Table 8 it will be seen that there is similarly a large variation also in Canada in the total cost of pulps and paper and in the various items of cost, although not as large as in the United States, which latter fact is principally accounted for by the more uniform price of wood and of labor conditions in Canada.

TABLE 8.—Summary of the cost of manufacture of ground-wood pulp, sulphite fiber, and news-print paper, showing total cost, highest, lowest, and average cost per ton of product, by specified items of cost, for mills in Canada reporting data.

Items.	Total cost.	Range of cost per ton of products.		Average.
		Lowest.	Highest.	
<b>Ground-wood pulp:<sup>1</sup></b>				
Slush pulp—				
Wood.....	\$848,367.03	\$4.69	\$9.62	\$5.86
Labor.....	228,026.00	1.11	2.18	1.57
Other costs.....	229,017.10	.76	2.29	1.58
Total.....	1,305,410.13	7.37	13.98	9.01
Finished pulp—				
Wood.....	895,107.51	4.26	6.99	5.56
Labor.....	299,468.14	1.55	2.29	1.86
Other costs.....	422,237.21	2.01	3.68	2.63
Total cost in bulk at works.....	1,616,812.86	8.96	10.93	10.05
<b>Slush and finished combined:</b>				
Wood.....	1,743,474.54	4.26	9.62	5.70
Manufacturing labor.....	527,494.14	1.11	2.29	1.73
Other costs.....	651,254.31	.76	3.68	2.13
Total.....	2,922,222.99	7.37	13.98	9.56
<b>Sulphite fiber:<sup>2</sup></b>				
Wood.....	991,560.18	11.75	19.66	13.13
Labor.....	242,980.21	1.86	4.71	3.21
Other costs.....	765,308.12	8.47	12.23	10.13
Total cost in bulk at works.....	1,999,860.51	24.02	33.84	26.47
<b>News-print paper:<sup>3</sup></b>				
Materials—				
Ground-wood pulp.....	1,354,044.98	6.16	9.93	8.49
Sulphite pulp.....	1,180,688.88	5.28	9.29	7.41
Other materials.....	157,170.27	.61	4.03	.99
Total materials.....	2,691,904.12	13.10	19.55	16.89
Manufacturing labor.....	508,387.75	2.72	3.59	3.19
Other costs.....	1,189,275.31	6.31	9.46	7.45
Total cost in bulk at works.....	4,389,567.18	24.97	30.18	27.53

<sup>1</sup> For mills having 2 per cent of the total tonnage, data were secured for 9 months only, and for mills having 23 per cent of the total tonnage data were secured for a shorter period. These mills have been raised to a 12-months' basis.

<sup>2</sup> For mills having 45 per cent of the total tonnage, data were secured for 9 months only. These mills have been raised to a 12-months basis.

<sup>3</sup> For mills having 2 per cent of the total tonnage, data were secured for 9 months only, and for mills having 13 per cent of the total tonnage, data were secured for a shorter period. These mills have been raised to a 12-months basis.

TABLE 9.—*Cost of production of ground-wood pulp, sulphite fiber, and news-print paper in Canada, by classified rates of cost per ton for mills reporting data.*

Cost per ton.	Number of establishments.	Total tons produced.	Per cent of total tons produced.	Average cost per tons produced.
<b>Ground wood:<sup>1</sup></b>				
Slush pulp—				
\$7 and under \$9.....	2	52, 116. 0	36. 0	\$7. 65
\$9 and under \$10.....	2	68, 904. 0	47. 6	9. 54
\$10 and under \$12.....	1	21, 420. 0	14. 8	10. 04
\$12 and under \$14.....	1	2, 446. 7	1. 7	13. 98
Total.....	6	144, 886. 7	100. 0	9. 01
Finished pulp—				
\$7 and under \$9.....	1	26, 248. 0	16. 3	8. 96
\$9 and under \$10.....	3	36, 720. 0	22. 8	9. 44
\$10 and under \$12.....	3	97, 844. 7	60. 9	10. 58
Total.....	7	160, 812. 7	100. 0	10. 05
Slush and finished pulp—				
\$7 and under \$9.....	3	78, 364. 0	25. 6	8. 06
\$9 and under \$10.....	5	105, 624. 0	34. 6	9. 51
\$10 and under \$12.....	4	119, 264. 7	39. 0	10. 48
\$12 or over.....	1	2, 446. 7	. 8	13. 98
Total.....	13	305, 699. 4	100. 0	9. 56
<b>Sulphite pulp:<sup>2</sup></b>				
\$24 and under \$26.....	3	41, 596. 0	55. 0	24. 54
\$26 and under \$30.....	1	27, 821. 0	36. 8	27. 69
\$32 and under \$34.....	1	0, 171. 0	8. 2	33. 84
Total.....	5	75, 588. 0	100. 0	26. 47
<b>News-print paper:<sup>3</sup></b>				
Under \$25.....	1	6, 962. 4	4. 4	24. 97
\$25 and under \$30.....	5	123, 935. 3	77. 7	27. 06
\$30 or over.....	1	28, 539. 9	17. 9	30. 18
Total.....	7	159, 437. 6	100. 0	27. 53

<sup>1</sup> For mills having 2 per cent of the total tonnage data were secured for 9 months only, and for mills having 23 per cent of the total tonnage data were secured for a shorter period. These mills have been raised to a 12-month basis.

<sup>2</sup> For mills having 45 per cent of the total tonnage data were secured for 9 months only. These mills have been raised to a 12-month basis.

<sup>3</sup> For mills having 2 per cent of the total tonnage data were secured for 9 months only, and for mills having 13 per cent of the total tonnage data were secured for a shorter period. These mills have been raised to a 12-month basis.

## COMPARISON OF COSTS IN UNITED STATES AND CANADA.

TABLE 11.—Summary of the cost of ground-wood pulp, sulphite fiber, and news-print paper, showing lowest, highest, and average cost per ton of product, by specified items of cost for mills, in the United States and Canada reporting data.

Items.	Lowest cost per ton of product.		Highest cost per ton of product.		Average cost per ton of product.	
	United States.	Canada.	United States.	Canada.	United States.	Canada.
<b>Ground-wood pulp:</b>						
Wood.....	\$6.90	\$4.26	\$13.33	\$9.62	\$10.28	\$5.70
Manufacturing labor.....	.98	\$1.11	5.90	\$2.20	2.18	\$1.73
Other costs.....	.30	\$ .76	6.83	\$3.68	2.18	\$2.13
Total cost in bulk at works.....	9.80	\$7.37	21.32	\$13.98	14.59	\$9.56
<b>Sulphite fiber:</b>						
Wood.....	13.28	\$11.75	25.89	\$19.66	18.58	\$13.13
Manufacturing labor.....	2.09	\$1.86	6.51	\$4.71	3.84	\$3.21
Other costs.....	6.72	\$8.47	14.68	\$12.23	9.57	\$10.13
Total cost in bulk at works.....	24.47	\$24.02	40.16	\$33.84	31.99	\$26.47
<b>News-print paper:</b>						
Ground-wood pulp.....	8.26	\$6.16	18.54	\$9.93	13.27	\$8.49
Sulphite fiber.....	6.45	\$3.28	14.12	\$9.29	8.68	\$7.41
Other materials.....	.32	\$ .61	3.25	\$4.03	.84	\$ .99
Total materials.....	14.64	\$13.10	29.22	\$19.55	22.74	\$16.89
Manufacturing labor.....	2.19	\$2.72	7.26	\$3.59	3.27	\$3.19
Other costs.....	4.63	\$6.31	10.05	\$9.46	6.87	\$7.45
Total cost in bulk at works.....	24.50	\$24.97	43.00	\$30.18	32.88	\$27.53

<sup>1</sup> The present tables of highest and lowest cost per ton of product for the United States and Canada show certain apparent discrepancies as compared with the tables printed in the preliminary report. These discrepancies may need explanation.

Where the lowest given in the present table is lower than that as previously published, or the highest figure in the present report is higher than that previously published, this is naturally accounted for by the inclusion in the present report of mills which had not been reported at the time of the previous publication.

In some cases, however, the figures as now printed give as the lowest a figure higher than the previous lowest, or a highest cost lower than the previous highest cost. This may be accounted for in various ways. For instance, in the column for news-print paper, the lowest cost per ton of paper now appears slightly higher for both ground-wood pulp and sulphite pulp in the United States, the reason being that in the new tabulation the figures were revised on an absolutely uniform basis, and in this particular case the company had charged all of its overhead expenses to the cost of the paper alone and none to its pulp plants. This overhead expense was distributed over the three plants, thus raising the amount for pulp and reducing the item of other costs on the paper.

In the highest cost per ton of product for the United States in the case of ground-wood pulp, the former figure of \$15.01 has been reduced to \$13.33. This is accounted for by the fact that the report from the mill in question showed an amount of pulp entirely impossible in relation to the amount of wood charged in. In this case they were credited with an additional amount of pulp, thereby reducing the cost of wood per ton of pulp.

Similar readjustments have been made in some cases for Canadian mills, which accounts for certain similar changes in the Canadian column. In the preliminary report, because of the fact that adequate time was not allowed for a minute examination of Canadian figures, some figures were included which for the extreme "high" and "low" needed careful revision. In one case there was an actual misprint. Under the head of "News-print paper" the lowest Canadian cost for sulphite pulp per ton of paper was given as \$3.71. This appears correctly in the new table as \$5.28.

<sup>2</sup> For mills having 2 per cent of the total tonnage, data were received for 9 months only. For mills having 23 per cent of total tonnage, data were received for a shorter period. These mills have been raised to a 12-months basis.

<sup>3</sup> For mills having 45 per cent of the total tonnage, data were secured for 9 months only. These mills have been raised to a 12-months basis.

<sup>4</sup> For mills having 2 per cent of total tonnage, data were secured for 9 months only. For mills having 18 per cent of total tonnage, data were secured for a shorter period. These mills have been raised to a 12-months basis.

Referring to Table 11, the first two columns give the lowest cost for each country. The lowest-cost United States mill has exceptionally low wood, the mill probably being situated on the frontier and putting in the wood at actual cost, without profit on timber land, although this is conjecture. There are but three or four mills in the United States with such exceptional advantages for cheap wood, and it is improbable that any more mills can be built in the United States where wood can be obtained so cheaply. It must be a more efficient mill than any in Canada, as, if it had wood at the price given for the lowest Canadian mill, it could produce paper \$2.62 cheaper than it does, or \$21.88 per ton instead of \$24.97, the Canadian cost.

It is futile to compute the highest cost, except to observe that if the highest-cost United States mill had wood at the price of the lowest-cost Canadian mill it could make paper at \$31.86, instead of \$43.

All of which goes to show that the crux of the whole matter is not efficiency of plants or cost of labor, although these are important factors, but that cheap wood makes cheap paper. The Canadians have had cheap wood, because their governments practically carry the investment for them, and now the provincial governments are further helping to build up the industry by shutting us off from competing for their wood with the Canadian mills. This is in striking contrast with the policy of our President, who seems to want to get rid of the industry here.

Comparing the average cost in the United States and Canada, we find Canada makes a ton of paper on the average \$5.35 cheaper than we do. In discussing this table the report says:

The first thing that seems significant is that the difference in cost of wood per ton of paper is practically the difference in the total cost. For instance, in ground-wood pulp the total cost is \$14.59 for the United States and \$9.56 for Canada, a difference of \$5.03. The cost of the wood as raw material per ton of product is \$10.23 for the United States and \$5.70 for Canada, a difference of \$4.53, which deducted from the total difference of \$5.03 leaves a difference of 50 cents per ton in favor of Canada, 44 cents of this being in the item of manufacturing labor cost.

The Canadian average cost of sulphite was \$26.47, the average for the United States mills reporting was \$31.99, a difference of \$5.52, of which \$5.45 is absorbed by the difference in cost of wood as a raw material, leaving a net difference of but 6 cents per ton, although the difference in labor cost is 63 cents per ton in favor of Canada.

In news-print paper the effect of wood cost is not so clear, because here the raw material is pulp, and not wood; but if we take 80 per cent of the difference we find in the wood cost in ground-wood pulp and 20 per cent of the difference in the cost of sulphite pulp we have \$4.71 as the amount of the difference in the cost of news-print paper in the two countries, which is due to the difference in wood costs.

The average cost of production of news print in Canada is \$27.53 per ton; in the United States \$32.88. The difference is \$5.35, of which \$4.71 is accounted for by differences in cost of wood as raw material in the pulp, etc.

**TABLE 12.**—Average cost per ton of product for specified items entering into the cost of manufacture of news-print paper, for mills in Canada and the United States reporting data.

Items.	Average cost per ton of news-print paper.	
	Canada.	United States.
Ground wood.....	\$8.49	\$13.27
Sulphite.....	7.41	8.63
Waste paper.....	1.24	.79
Fillers.....	.40	.40
Other materials.....	.57	.42
<b>Total materials.....</b>	<b>16.89</b>	<b>22.74</b>
Manufacturing labor.....	3.19	3.27
Felts.....	.79	.82
Wires.....	.33	.36
Screen plates.....	.03	.06
Belting.....	.10	.12
Lubricants.....	.08	.08
Coal.....	2.13	1.81
Wood.....	.16	.52
Finishing materials.....	1.50	.86
Other works expense.....	.24	.69
Water power.....	.30	1.31
Repair materials.....	.52	.85
Repair labor.....	.55	.55
Administration expense.....	.49	.45
Miscellaneous operating expense.....	.66	.26
Accident insurance.....	.03	.03
Fire insurance.....	.16	.07
Taxes.....	.09	2.26

<sup>1</sup> Includes electric power in three mills having 13 per cent of the total product.

<sup>2</sup> Mills with 38 per cent of total production report fire insurance, accident insurance, and taxes combined.

Table 12 compares the cost of paper in the two countries, item by item. It shows an excess cost for the United States, in a ton of paper, of \$4.78 for ground wood, \$1.22 for sulphite, and \$5.85 for all materials combined. Other differences are comparatively trifling and actually offset each other, indicating that, as conditions now stand, the cost of converting pulps into paper is the same in both countries. This is substantially so, also, for converting wood into both ground-wood and sulphite pulps; but nevertheless Canada has another by no means negligible advantage, which is at present not fully manifest on the surface in the cost of production, and that is lower wages for labor. United States wages average, according to the data presented in the report, to which I will refer later on, 27 per cent higher than Canadian, and this is equivalent to \$1.50 per ton of paper in favor of Canada in converting wood into pulp and then into paper. This disadvantage is apparently reduced in actual practice at present by reason of better management on our part, or more efficient plants, to about 62 cents per ton. There is a difference in the ground-wood mill of 45 cents; in the sulphite mill of 63 cents. These differences, carried forward in the proper proportions and added to the 8 cents difference in the paper mill, amount to 62 cents. So it is not correct to say, as has been done in the newspapers, that the labor difference in a ton of paper is only 8 cents. The fact is, the true measure of the difference is \$1.50, of which all but 62 cents is overcome by us by better management and more efficient equipment; but new Canadian mills will enjoy the full advantage, due to lower wages.



By combining properly the labor cost in the pulp mills with that in the paper mills, and including routine repair labor, it appears that the actual average labor in a ton of paper made in the United States is about \$7.15, or about 22 per cent of the total cost, not including pulp-wood operations in the forests.

#### INTERMEDIATE PROFITS AND COST OF WOOD.

[Page 42.]

The report shows that in the United States there was a profit equivalent to \$1.74 per ton of paper on the ground-wood pulp used in making 51.4 per cent of the paper, but this is about offset by a similar condition in Canada, where there was a profit on ground wood amounting to \$1.52 per ton of paper on 54.4 per cent of the paper made.

Similarly, with respect to sulphite, there was a profit of 65 cents per ton of paper on 37.2 per cent of the paper made in the United States and a profit of 79 cents per ton on 36.3 per cent of the paper made in Canada.

The pith of this is that the profits on pulp offset each other in the two countries, and therefore do not affect the comparative cost of paper.

#### WOOD PROFIT AND STUMPAGE IN GROUND-WOOD PULP. .

In the United States 78.9 per cent of ground-wood pulp carried into the cost an average stumpage cost for wood of \$1.16 per ton of pulp, which is about \$1 per cord for stumpage. This is a very low figure for the value of stumpage in the United States, and in general must be based not on the present actual value, but on the original purchase price of the timberlands. In Quebec the stumpage charged by the Government is only 65 cents per cord, and in Ontario usually 40 cents.

#### POUNDS OF MATERIAL PER TON OF NEWS-PRINT PAPER.

[Page 48.]

The report shows that substantially the same quantity of material is used both in the United States and Canada to make a ton of paper, the exact averages being for the United States 2,199.8 pounds and 2,141 pounds in Canada. Therefore it is not a sound argument to say that our mills should not have protection because of wastefulness, as a certain waste is obviously unavoidable, as every mill in both countries show practically the same results. In discussing this point the report (p. 49) says:

The stock loss on sulphite pulp is comparatively nil, not over 1 or 2 per cent. The stock loss in ground-wood pulp consists of the fine powdery waste that has been so reduced by the grinder that no wire screens on pulp machines would hold it, etc.

It further says, significantly:

Sometimes it costs more to save waste materials than it does to lose them.

And finally it says:

Some of the most advanced manufacturers are attempting to improve their plants in this regard, but in view of the high cost of equipment and labor it is still a question whether or not this will prove an economy.

It is hardly reasonable to suppose that manufacturers who have set the pace for the world are not alive to the importance of economy of materials used in manufacture.

EFFICIENCY OF EQUIPMENT IN PAPER MILLS IN THE UNITED STATES AND CANADA.

[Page 52.]

The discussion is confined to paper machines per se. To be convincing as to comparative efficiency of plants in the two countries, the investigation should have covered other features of the equipment, which are quite as important, viz, the grinders in the ground-wood mill, which vary greatly in output per horsepower and per wage unit, the digesters in sulphite mills, and the steam plants. In fact, every part of the equipment affects the efficiency. Table 17 indicates an extreme variation in cost of labor per ton of paper, \$1.02, due to differences in the capacity of paper machines, but this may be largely offset in smaller or slower machines by savings in other respects, as, for example, in the cost of power to drive the machines and in the felts, wires, and other supplies with which it must be equipped, and interest on investment. Moreover, this table appears to be based on capacity rather than performance, and is therefore theoretical rather than practical.

Probably the resultant of all considerations is in favor of large fast-running machines, but even this point is disputed by some practical manufacturers. But by no means will we concede that the size, age, or speed of a mere paper machine is the controlling factor in the efficiency of a plant. A machine controls its own efficiency and that is all. The whole story is told in the total cost of converting raw material into finished product.

TABLE 17.—*Efficiency of labor by paper machines of given sizes and capacities.*

Machine No.—	Width of wire.	Width of trimmed roll.	Speed per minute.	Capacity in 24 hours.	Men to machine.	One-man hours.	Time cost per ton.	Fourdrinier machine labor, cost per—	
								Machine hour.	Ton.
	Inches.	Inches.	Feet.	Tons.			Hours.		
1.....	86	76	519	21	4½	108	5.15	\$1.34	\$1.53
2.....	86	73½	459	17	4½	108	6.3	1.30	1.34
3.....	86	76	465	18	4½	108	6.0	1.30	1.73
4.....	92	84	462	19	4½	108	5.66	1.31	1.65
5.....	108	100	481	25	5	120	4.8	1.47	1.41
6.....	122	113	447	27	5	120	4.45	1.49	1.32
7.....	145	136	485	36	5	120	3.33	1.54	1.06
8.....	162	140	527	41	5½	132	3.22	1.68	.98
9.....	162	140	527	41	5½	132	3.22	1.68	.98
10.....	166	158	570	50	5½	132	2.64	1.70	.82
11.....	158	150	570	50	5½	132	2.64	1.70	.82
12.....	86	80	575	25	4	96	3.84	1.30	1.15
13.....	116	108	585	35	5½	132	3.77	1.59	1.09
14.....	148	140	585	46	5½	132	2.87	1.62	.88

TABLE 18.—*News-print-paper machine equipment in the United States and Canada.*

	Canadian mills reporting.	American mills reporting.			
		All mills.	A (56 per cent of all machines).	B (44 per cent of all machines).	C (5 best mills).
<b>Capacity of machines:</b>					
Average in 24 hours..... tons.....	31.0	27.8	32.4	22.2	40.0
Greatest in 24 hours..... do.....	50.0	50.0	50.0	41.0	50.0
Least in 24 hours..... do.....	10.0	5.0	5.0	12.0	25.0
Per cent 40 tons and over.....	18.7	17.0	27.3	3.8	45.5
Per cent 30 tons and over.....	62.5	41.5	63.6	13.5	86.4
Per cent 15 tons and under.....	6.2	11.9	9.1	15.4	0.0
<b>Speed of machines per minute:</b>					
Average number of feet of paper.....	480.0	466.6	469.3	422.7	537.0
Per cent 500 feet and over.....	68.7	38.1	57.6	13.5	90.9
Per cent less than 400 feet.....	6.2	20.3	10.6	32.6	0.0
<b>Width of rolls, trimmed:</b>					
Average number of inches.....	121.0	109.9	119.2	98.1	140.0
Per cent with rolls 120 inches and over.....	62.5	34.7	48.5	17.3	86.4
Per cent with rolls less than 100 inches.....	12.5	36.4	25.8	50.0	13.6
<b>Years installed:</b>					
Average number of years installed.....	7.2	12.7	10.0	16.6	8.1
Per cent of machines installed 15 to 30 years.....	6.2	34.7	13.6	61.5	9.1
Per cent machines of American manufacture.....	100.0	100.0	100.0	100.0	100.0

Table 18 shows that Canadian mills have at present a slight advantage in the matter of mere paper-machine equipment, but, as already stated, this is but one of many factors in the cost of converting the raw material into the finished product, and notwithstanding this disadvantage and the higher rates of wages the total average cost of converting wood into paper was in the United States a trifle less than in Canada.

Naturally the average age of machines in use in the United States is somewhat greater than in Canada, as the industry is older here. The United States average is 12.7 years; the Canadian, 7.2. Certainly 12.7 years is not excessive in view of the great cost of machines and the small margin of profit from which to create a depreciation or replacement fund. If 12 years is too old for a paper machine, why not also for the whole equipment or most parts of it. The money is not in the business to scrap our mill equipment every 5 or 10 years and then rebuild them.

While a machine can produce 50 tons daily, as against an average of 27.8 tons for the industry, such an attainment of product has only been accomplished within about five years, and it must naturally take a long time to replace all existing machines with such maximum producers. Too great haste would only make waste of capital. It is folly to suppose that any great and growing industry can, in all its parts, be on a plane of 100 per cent of efficiency. Nothing like such a condition prevails anywhere in the industrial world, not even in the publishing business.

If such a thing were feasible in any field, it would most likely be first demonstrated in the upkeep of the navies of the world, and yet our warships, and every nation's, on an average, are far from up to date.

Before leaving the subject of efficiency, I think I can conclusively prove that we do not need or ask protection for "antiquated, out-of-date" mills and machinery; in other words, that our mills, on an average, are not antiquated, are not out of date, and are much too

good for the junk heap. I start by taking the average Canadian mill as the measure of efficiency, because they are our most formidable competitors; their mills have mostly been built within 10 years; their paper machines average only 7.2 years of age. The Tariff Board says they are a little better than ours, and I have heard no suggestion that they are only "fit for junk"; and, finally, their wages are lower than we pay. If our mills are proved to be as efficient as those of our strongest competitor, it can not be thereafter reasonably claimed that our duty is protecting inefficiency. I refer you to Table II, page 39, of the report. My claim is that, giving our average mill wood at the same cost as the Canadian average mill, it amounts to eliminating entirely the factor of wood, and that alone from the problem, leaving for comparison all other items, which together make up the cost of conversion of wood into paper, which conversion constitutes or measures the efficiency of the plant as a whole. Therefore, substituting the average Canadian cost of wood for the average United States cost of wood in the column for the United States—first, for ground-wood pulp, i. e., \$5.70 for \$10.23, and then for sulphite, i. e., \$13.13 for \$18.58—it will give the cost of making pulps in the United States, compared with Canada, with equal cost for wood. Then combine and carry forward these new costs of pulp in the proper proportion into the cost of paper in the United States and we have the cost of making paper in the United States and Canada with equal cost for wood. The results are as follows:

	United States.	Canada.
Average cost per ton ground-wood pulp, with equal cost for wood .....	\$10.06	\$6.56

Canadian advantage in ground wood mill, 50 cents per ton of pulp.

	United States.	Canada.
Average cost per ton sulphite pulp, same wood cost .....	\$26.54	\$26.47

Canadian advantage in sulphite mill, 7 cents per ton of pulp.

	United States.	Canada.
Average cost of ground wood per ton of paper .....	\$9.16	\$8.49
Average cost of sulphite per ton of paper .....	7.16	7.41
Average cost of other materials per ton of paper .....	.84	.99
Total .....	17.16	16.89

Canadian advantage in all materials, 27 cents.

	United States.	Canada.
Average cost manufacturing labor in paper mill .....	\$3.27	\$3.19
Average other costs .....	6.87	7.46
Total .....	27.30	27.53

Advantage of average United States mill over average Canadian mill, with wood at same cost, 23 cents.

What, then, becomes of the assertion that our mills are a lot of antiquated collections of junk?

#### EFFICIENCY OF LABOR IN CANADA.

[Page 55.]

The situation as to labor in Canada is well described in the following quotations from the report:

The general managers and superintendents are, for the most part, Americans of wide experience. \* \* \* The skilled men, the machine tenders, and other hands who operate the paper machines are, as a rule, Americans brought here from the United States for the purpose. They are paid American rates of wages, although, in several instances, the rates are for a 12-hour shift instead of for an 8-hour shift, as in eastern United States. Excepting for the comparatively small number of skilled men necessary to operate the paper machines and the mechanics employed on repairs, the great majority of the men employed in the paper and pulp mills are unskilled and receive the pay of unskilled laborers. A study of the comparative wage tables in the report shows that the average rates of pay of unskilled men are lower in Canada than in the United States.

It would seem, then, that with modern mills, American machinery, American-trained managers and superintendents, and American skilled operators, together with lower rates of wages for unskilled men, the Canadian manufacturing labor cost per unit of production in the modern and well-equipped mills of Canada would be considerably lower than in the modern and well-equipped mills of the United States.

The tables show, however, that the Canadian labor cost per ton of newsprint paper is only slightly lower on the average. \* \* \* This indicates that there is greater efficiency and experience in the first-class mills of the United States.

I may add that these conditions can not be counted on long prevailing, as new mills in Canada will have greater efficiency than those existing, and there will be no new mills in the United States to keep our efficiency on an equality with Canada.

#### WAGES AND HOURS OF LABOR IN THE PULP AND PAPER INDUSTRY.

[Page 90.]

The statistics secured and compiled by the board cover 12,054 employees in the mills in the Eastern States, 2,349 in mills in the Lake States, and 3,018 in Canadian mills. While the unskilled labor in Canadian mills is mostly French-Canadian, which is not always first class, this is offset by the fact that, so far as the statistics show, 44 per cent of the employees in the United States are foreign born, of whom, in turn, about 40 per cent are French-Canadians.

TABLE 69.—Hours worked per day or per shift in selected groups of occupations.

[The percentages have been computed only in cases where data are presented for 50 or more employees.]

Geographical divisions and occupations.	Male employees for whom information was secured.	Per cent of employees working—				
		Three shifts per day.	Two shifts per day.	By the day 9 hours.	By the day 10 hours.	Otherwise than as specified.
<b>Eastern States:</b>						
Occupations—						
In ground-wood mills.....	648	80.9	15.7	3.4		
In sulphite mills.....	310	72.6	14.8	9.0	8.2	0.3
Common to ground-wood and sulphite mills..	939	67.8	11.2	17.8	2.1	1.1
In news-print paper mills.....	2,078	82.2	5.8	9.7	2.1	.1
Common to pulp and paper mills.....	2,368	28.8	6.9	46.6	23.0	.7
Total.....	6,263	59.8	8.5	21.6	9.6	.5
<b>Lake States:</b>						
Occupations—						
In ground-wood mills.....	117		96.6		2.6	.9
In sulphite mills.....	45		(1)		(1)	
Common to ground-wood and sulphite mills..	187		55.6		44.4	
In news-print paper mills.....	300		93.7		6.0	.3
Common to pulp and paper mills.....	664	2.3	13.7		83.8	.1
Total.....	1,333	1.2	47.3		51.3	.2
<b>Canada:</b>						
Occupations—						
In ground-wood mills.....	264	38.6	53.0		4.2	4.2
In sulphite mills.....	61		82.0		14.8	3.3
Common to ground-wood and sulphite mills..	511	10.8	64.2		17.6	7.4
In news-print paper mills.....	330	46.9	42.8		10.3	
Common to pulp and paper mills.....	401	11.7	39.9		48.1	.2
Total.....	1,557	22.7	52.3		21.6	3.3
Total in Eastern States.....	6,263	59.8	8.5	21.6	9.6	.5
Total in Lake States.....	1,333	1.2	47.3		51.3	.2
Total in Canada.....	1,557	22.7	52.3		21.6	3.3
Grand total.....	9,173	45.0	21.6	14.8	17.7	.9

<sup>1</sup> Not computed because of the small number of employees for whom information was reported.

Table 69 gives the hours worked per day or per shift in both countries. The eastern mills are on a plane of higher averages and shorter hours than the mills in the Lake States, and since removal of protection would naturally first affect the better conditions of labor in the eastern mills we omit comparison of Canadian wages and hours with those in the Lake States.

Of the employees in the Eastern States, 59.8 per cent work three shifts of 8 hours, in Canada only 22.7 per cent; in Eastern States only 8.5 per cent work two shifts, in Canada 52.3 per cent; in Eastern States 21.6 work by the day of 9 hours and 9.6 work 10 hours; in Canada none work 9 hours and 21.6 work 10 hours. Thus employees in Eastern States work under much more favorable conditions than in Canada as to hours.

TABLE 71.—Rate of pay in selected groups of occupations.

General occupations and geographical division.	Male employees for whom information was secured.	Per cent of employees paid per hour—						
		Under 10 cents.	10 and less than 12½ cents.	12½ and less than 15 cents.	15 and less than 17½ cents.	17½ and less than 20 cents.	20 and less than 22½ cents.	22½ and less than 25 cents.
<b>Occupations:</b>								
In ground wood mills—								
Eastern States.....	648			5.2	9.3	10.3	23.8	51.4
Lake States.....	117			12.0	61.5	24.8	1.7	
Canada.....	264		3.0	33.7	23.9	14.4	7.6	8.3
Total.....	1,029		.8	13.3	19.0	13.0	17.1	34.5
In sulphite mills—								
Eastern States.....	310			4.8	4.2	5.8	17.7	28.4
Lake States.....	45			6.7	13.3	35.6	24.4	6.7
Canada.....	61			19.7	45.9	3.3	8.2	6.6
Total.....	416			7.2	11.3	8.7	17.1	22.8
Common to ground wood and sulphite mills—								
Eastern States.....	939			4.8	7.5	9.1	28.6	45.5
Lake States.....	187			37.4	17.1	35.3	9.6	
Canada.....	511	1.6	6.9	30.9	50.9	6.5	2.7	
Total.....	1,637	.5	2.1	16.6	22.1	11.2	18.4	26.1
In news-print paper mills—								
Eastern States.....	2,078			2.8	2.5	9.5	14.4	34.9
Lake States.....	300	1.7	.7	16.3	45.0	9.7	7.7	2.0
Canada.....	320		4.7	22.8	10.9	21.9	4.7	2.2
Total.....	2,698	.2	.6	6.7	8.2	11.0	12.5	27.4
Common to pulp and paper mills—								
Eastern States.....	2,308		.2	5.2	27.3	35.4	9.7	2.9
Lake States.....	684		.1	1.6	52.0	28.5	16.8	.6
Canada.....	401	.5	3.0	27.2	48.6	7.0	1.2	6.0
Total.....	3,393	.1	.5	7.0	34.8	30.6	10.1	2.8
Total in Eastern States.....	6,283		.1	4.3	13.1	18.8	15.9	26.1
Total in Lake States.....	1,333	.4	.2	11.0	45.1	25.1	12.7	1.0
Total in Canada.....	1,557	.6	4.5	28.3	37.3	11.0	3.8	3.7
Grand total.....	9,173	.2	.8	9.4	21.9	18.4	13.4	18.6

General occupations and geographical division.	Per cent of employees paid per hour—							
	25 and less than 27½ cents.	27½ and less than 30 cents.	30 and less than 32½ cents.	32½ and less than 35 cents.	35 and less than 40 cents.	40 and less than 45 cents.	45 and less than 50 cents.	50 cents and over.
<b>Occupations:</b>								
In ground wood mills—								
Eastern States.....								
Lake States.....								
Canada.....	9.1							
Total.....	2.3							
In sulphite mills—								
Eastern States.....	7.4	9.4	7.4	7.1	2.9	2.9	1.9	
Lake States.....	13.3							
Canada.....	6.6		4.9				4.9	
Total.....	7.9	7.0	6.3	5.3	2.2	2.2	2.2	
Common to ground wood and sulphite mills—								
Eastern States.....	4.7			.5				
Lake States.....								
Canada.....	.6							
Total.....	2.9			.1				

TABLE 71.—Rate of pay in selected groups of occupations—Continued.

General occupations and geographical division.	Per cent of employees paid per hour—							
	25 and less than 27½ cents.	27½ and less than 30 cents.	30 and less than 32½ cents.	32½ and less than 35 cents.	35 and less than 40 cents.	40 and less than 45 cents.	45 and less than 50 cents.	50 cents and over.
<b>Occupations:</b>								
In news-print paper mills—								
Eastern States.....	6.9	4.7	4.9	1.5	3.2	5.1	6.4	3.4
Lake States.....	5.3	1.7	5.0	3.0	2.0			
Canada.....	9.7		6.9	3.8	2.8		3.4	6.3
Total.....	7.1	3.8	5.2	2.0	3.0	3.9	5.3	3.3
Common to pulp and paper mills—								
Eastern States.....	12.6	5.2	.9	.4	.4			
Lake States.....	.3							
Canada.....	5.5	1.0						
Total.....	9.3	3.7	.6	.3	.3			
Total in Eastern States.....	8.0	3.9	2.3	1.0	1.3	1.8	2.2	1.1
Total in Lake States.....	1.8	.4	1.1	.8	.5			
Total in Canada.....	5.4	.3	1.6	.8	.6		.9	1.3
Grand total.....	6.6	2.8	2.0	.9	1.1	1.2	1.7	1.0

Table 71 gives the per cent of employees paid various rates of wages. It can be seen at a glance that a much higher per cent of employees in the United States receive relatively high wages than in Canada. For example, only 17.5 per cent receive less than 17½ cents per hour compared with 70.7 per cent in Canada.

The board has not summarized the whole table, but we have done so, and it shows an average hourly wage in the Eastern States of 24.43 cents and in Canada of 19.16 cents, or 27.3 per cent more for the Eastern States than for Canada. This is equivalent to an absolute Canadian advantage of \$1.50 per ton of paper. The average hourly wage for the Lake States is 19.19 cents, or just a trifle more than for Canada.

The report says:

It will be noted, however, that in the case of every group wages per hour are higher in the Eastern States than in the Lake States or in Canada. The wages in the groups of occupations in which the proportion of skilled employees is large, as, for example, occupations in news print paper mills, are shown to be higher in Canada than in the Lake States, while the contrary is true of the wages in the groups of occupations in which most of the employees do work requiring little skill or training. This is probably due to a relative scarcity in Canada of skilled workers.

It will thus be our skilled workers who will be drawn to Canada by the development of the industry there, as has been the case in the past.



TABLE 19.—*Prices of news-print paper in the eastern territory charged by mills in Group I.*

Years.	Pittsburg.				Buffalo.			
	Tons.	Price per ton.			Tons.	Price per ton.		
		Lowest.	Highest.	Average.		Lowest.	Highest.	Average.
1900.....	2,242	\$42.50	\$50.00	\$46.47	800	\$46.00	\$50.00	\$48.75
1901.....	6,596	40.00	50.00	41.88	5,800	43.00	50.00	45.64
1902.....	7,623	40.00	47.50	41.90	2,580	43.00	45.00	43.09
1903.....	4,055	44.00	52.00	44.29	5,300	44.00	44.00	44.00
1904.....	12,758	43.00	52.00	43.85	4,650	44.00	47.00	44.22
1905.....	29,610	42.00	50.60	42.62	10,060	38.00	45.00	43.14
1906.....	23,479	38.00	47.00	39.47	5,060	38.00	45.00	39.45
1907.....	20,026	40.00	55.00	40.33	3,325	40.00	43.00	40.89
1908.....	19,533	44.00	55.00	44.18	9,060	45.00	52.00	49.60
1909.....	19,447	44.00	52.00	44.10	4,750	45.00	47.00	45.16
1910.....	28,862	44.00	52.00	44.69	1,525	45.00	45.00	45.00
1911.....	24,925	40.00	52.00	43.23	325	45.00	45.00	45.00

Years.	Summary for the seven cities.				Summary all other eastern cities.			
	Tons.	Price per ton.			Tons.	Price per ton.		
		Lowest.	Highest.	Average.		Lowest.	Highest.	Average.
1898.....	8,100	\$35.00	\$37.50	\$35.03				
1899.....	24,800	35.00	42.50	39.18				
1900.....	52,534	35.00	57.00	40.89	8,898	\$43.00	\$50.00	\$46.33
1901.....	122,494	35.00	57.00	42.30	25,910	40.00	60.00	45.26
1902.....	72,885	35.00	50.00	40.80	21,952	40.00	60.00	44.64
1903.....	98,285	35.00	52.00	43.55	35,365	40.00	58.00	45.01
1904.....	95,191	35.00	53.40	44.35	32,306	44.00	58.00	46.61
1905.....	96,335	37.60	55.00	42.72	43,965	37.00	58.00	44.16
1906.....	86,339	37.00	55.00	39.47	33,819	37.00	54.00	42.27
1907.....	104,570	37.00	55.00	40.78	37,794	37.00	60.00	43.03
1908.....	182,343	38.00	55.00	44.75	46,971	39.00	60.00	48.96
1909.....	162,290	38.00	55.00	42.38	35,310	40.80	57.00	45.13
1910.....	108,308	44.00	52.00	45.10	30,596	42.80	55.00	45.14
1911.....	198,133	40.00	52.00	44.31	22,005	45.00	55.00	45.39

TABLE 20.—*Prices of news-print paper in the eastern territory charged by mills in Group II.*

Years.	New York.				Boston, New York, Philadelphia, Baltimore, and Washington combined.			
	Tons.	Price per ton.			Tons.	Price per ton.		
		Lowest.	Highest.	Weighted average.		Lowest.	Highest.	Weighted average.
1901.....	15,201	\$34.00	\$45.00	\$34.44	20,885	\$34.00	\$45.00	\$35.96
1902.....	47,487	34.00	45.00	34.54	69,859	34.00	45.00	35.09
1903.....	51,629	34.00	48.00	35.15	60,645	34.00	48.00	35.91
1904.....	47,525	34.00	48.00	35.27	92,410	34.00	48.00	37.98
1905.....	59,145	34.00	46.00	36.16	80,216	34.00	46.00	37.68
1906.....	100,304	34.00	42.00	36.67	146,417	34.00	42.00	36.78
1907.....	76,396	37.00	50.00	37.72	87,169	37.00	50.00	38.03
1908.....	76,160	37.00	50.00	37.74	116,726	37.00	50.00	39.97
1909.....	79,129	37.00	46.00	38.38	116,008	37.00	47.00	39.74
1910.....	99,447	37.00	45.00	39.40	136,395	37.00	45.00	40.32
1911.....	22,201	41.80	45.00	43.78	24,801	41.80	45.00	43.90

TABLE 21.—Prices of news-print paper in Middle Western cities and in New Orleans charged by mills in Group I.

Years.	Chicago.				St. Louis.			
	Tons.	Price per ton.			Tons.	Price per ton.		
		Lowest.	Highest.	Average.		Lowest.	Highest.	Average.
1900.....	881	\$37.50	\$50.00	\$40.64	11,500	\$42.50	\$42.50	\$42.50
1901.....	5,093	37.50	50.00	44.01	16,862	41.00	42.50	41.88
1902.....	3,913	37.50	47.00	44.03	7,838	41.00	43.00	42.75
1903.....	1,859	45.00	50.00	47.05	12,250	42.50	43.00	43.55
1904.....	491	46.20	48.00	46.98	21,150	40.40	43.00	41.93
1905.....	45,350	41.00	48.00	41.81	3,800	40.00	42.00	41.00
1906.....	61,295	40.00	42.00	40.02				
1907.....	61,589	40.00	47.00	40.87				
1908.....	76,422	42.00	52.00	42.46	2,000	50.00	50.00	50.00
1909.....	49,210	42.00	50.00	42.09	3,000	45.00	45.00	45.00
1910.....	10,547	42.00	48.00	43.76	18,537	45.00	47.00	45.00
1911.....	99,599	43.20	46.00	43.91	6,083	45.00	47.00	45.03

Years.	Indianapolis.				Cincinnati.			
	Tons.	Price per ton.			Tons.	Price per ton.		
		Lowest.	Highest.	Average.		Lowest.	Highest.	Average.
1900.....					2,190	\$40.00	\$45.00	\$42.38
1901.....					5,157	40.00	52.50	42.94
1902.....					11,688	39.00	52.50	40.19
1903.....	636	\$45.00	\$48.00	\$45.25	11,608	39.00	49.00	41.88
1904.....	640	45.00	48.00	45.94	8,595	39.00	49.00	42.63
1905.....	344	40.00	45.00	45.03	8,817	41.00	48.50	41.80
1906.....	240	40.00	42.50	40.86	8,450	40.00	47.00	40.34
1907.....					8,719	41.00	50.00	41.86
1908.....	1,200	50.00	50.00	50.00	7,374	47.00	50.00	49.95
1909.....	6,600	44.00	50.00	45.45	7,425	45.00	47.50	45.06
1910.....	1,300	45.00	45.00	45.00	7,240	45.00	45.00	45.00
1911.....	800	45.00	45.00	45.00	240	45.00	45.00	45.00

Years.	Cleveland.				Summary.			
	Tons.	Price per ton.			Tons.	Price per ton.		
		Lowest.	Highest.	Average.		Lowest.	Highest.	Average.
1900.....	700	\$50.00	\$55.00	\$53.21	3,681	\$37.50	\$55.00	\$44.02
1901.....	1,508	40.74	50.00	45.99	23,258	37.50	52.50	43.15
1902.....	3,329	49.74	55.00	45.82	35,242	37.50	55.00	41.93
1903.....	4,736	45.00	55.00	45.38	26,677	39.00	55.00	43.20
1904.....	820	45.00	46.00	45.12	22,796	39.60	49.00	43.40
1905.....	8,528	41.00	46.00	42.14	84,189	40.00	48.50	41.89
1906.....	10,301	38.00	45.00	41.40	83,886	38.00	47.00	40.27
1907.....	7,563	38.00	50.00	40.75	77,871	38.00	50.00	40.97
1908.....	9,972	41.00	55.00	46.82	97,008	41.00	55.00	43.72
1909.....	9,925	44.00	52.00	44.46	76,160	42.00	52.00	43.09
1910.....	5,471	44.00	47.00	44.52	43,065	42.00	48.00	44.64
1911.....	4,575	45.00	47.00	45.02	111,297	43.20	47.00	44.02

TABLE 21.—*Prices of news-print paper in Middle Western cities and in New Orleans charged by mills in Group I—Continued.*

Years.	New Orleans.			
	Tons.	Price per ton.		
		Lowest.	Highest.	Average.
1901.....	2,050	\$40.00	\$45.00	\$43.15
1902.....	1,133	40.00	48.00	44.47
1903.....	1,567	45.00	48.00	47.61
1904.....	1,750	48.00	48.00	48.00
1905.....	2,025	45.00	48.00	47.00
1906.....	1,750	45.00	45.00	45.00
1907.....	2,000	44.00	44.00	44.00
1908.....	2,000	48.00	48.00	48.00
1909.....	2,000	48.00	48.00	48.00
1910.....	2,000	48.00	48.00	48.00
1911.....	5,650	47.20	48.00	47.43

## PRICES OF NEWS-PRINT PAPER.

[Page 67.]

The data as to prices cover only a small proportion of the output, probably less than one-third, but they indicate that there is no basis for charging that prices are unduly high, especially considering that wood has about doubled in value and wages increased probably 50 per cent in 10 years. Table 19 shows that in seven large eastern cities 122,494 tons of paper sold at an average price per ton, delivered, of \$42.30 in 1901 and 198,000 tons at \$44.31 in 1911, an increase of only \$2.01, or less than 5 per cent in 10 years, while in other eastern cities an actual reduction of 87 cents per ton is shown.

Table 20 would seem to show a more decided increase in the large eastern cities, but it will be seen that the quantities from 1901 to 1906 are not adequate to represent the market. If this table were merged with the previous summary for the "seven cities," it would not materially change the deductions from that table. The two tables by comparison simply show a considerable variation in price prevailing at the same time, which, if it has any significance, tends to prove the absence of any collusion among the mills.

Table 21 seems to indicate an insignificant increase of price in 10 years in middle western cities.

The report says:

It is also noteworthy that the average price for the smaller cities shows practically no change in the prices during the 10-year period; if anything, a lower level at present compared with the beginning of the decade, the price in 1900 being \$46.38 and \$45.39 in 1911. This is obviously explained by the fact that the low prices shown in the earlier period are due to the long-term contracts made with the metropolitan dailies.

This means, and it is a fact, that the great dailies have been buying their paper lower than the mill could properly afford to sell it for, and to partly compensate they have had to charge the smaller papers a relatively higher price. If the larger papers have to pay in future a fairer price, allowing a reasonable profit to the manufacturer, the smaller papers will be the gainers as well. Cheap paper allows the metropolitan dailies to overshadow the papers in the smaller cities and country towns.

## COST OF PRODUCTION EXTENDING OVER A SERIES OF YEARS.

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TABLE 24.—*Itemized cost of production per ton of sulphite pulp, by years, 1901-1909.*

Items.	1901	1902	1903	1904	1905	1906	1907	1908	1909
<b>Material:</b>									
Sulphur.....	\$3.24	\$3.24	\$3.32	\$3.15	\$2.97	\$2.87	\$2.81	\$2.74	\$3.01
Limestone.....								.07	.11
Lime.....	.73	.65	.69	.64	.63	.57	.55	.49	.46
Wood.....	12.74	13.50	14.02	15.51	16.18	17.03	17.75	21.42	22.27
<b>Total.....</b>	<b>16.71</b>	<b>17.40</b>	<b>18.02</b>	<b>19.30</b>	<b>19.79</b>	<b>20.47</b>	<b>21.12</b>	<b>24.72</b>	<b>25.90</b>
<b>Conversion:</b>									
Manufacturing labor.....	3.90	3.96	4.26	4.38	4.20	4.19	4.59	4.28	3.60
Felts.....	.16	.15	.16	.14	.16	.17	.18	.13	.09
Wires.....				.04	.04	.04	.05	.04	.04
Screen plates.....	.16	.11	.08	.08	.08	.12	.13	.06	.09
Belting.....	.18	.15	.15	.14	.12	.10	.13	.13	.13
Lubricants.....	.06	.05	.05	.06	.05	.05	.06	.05	.04
Repair materials.....	1.45	1.27	1.11	1.35	1.34	1.46	1.57	1.03	1.34
Repair labor.....	.68	.56	.55	.61	.59	.59	.66	.77	.82
Fuel, coal.....	2.18	2.23	2.42	2.22	2.16	2.24	2.31	2.47	2.29
Barn.....			.02	.03	.02	.02	.02	.03	.02
Miscellaneous operating expenses.....	.13	.09	.15	.20	.17	.15	.15	.18	.17
Office.....			.02	.01	.02	.02	.02	.02	.02
Water power.....	.10	.08	.09	.12	.12	.10	.09	.15	.12
<b>Total.....</b>	<b>9.00</b>	<b>8.67</b>	<b>9.05</b>	<b>9.37</b>	<b>9.09</b>	<b>9.26</b>	<b>9.97</b>	<b>9.33</b>	<b>8.77</b>
<b>Direct cost.....</b>	<b>25.71</b>	<b>26.07</b>	<b>27.07</b>	<b>28.67</b>	<b>28.87</b>	<b>29.72</b>	<b>31.08</b>	<b>34.06</b>	<b>34.68</b>
<b>Fixed charges, insurance and taxes.....</b>	<b>.01</b>	<b>.01</b>	<b>.01</b>	<b>.02</b>	<b>.27</b>	<b>.25</b>	<b>.24</b>	<b>.46</b>	<b>.34</b>
<b>Total manufacturing cost.....</b>	<b>25.72</b>	<b>26.08</b>	<b>27.08</b>	<b>28.69</b>	<b>29.14</b>	<b>29.97</b>	<b>31.32</b>	<b>32.52</b>	<b>35.02</b>

Table 24 shows that the cost of raw materials in the sulphite mills in the United States covered by the schedule was \$16.71 per ton of sulphite in 1901 and \$25.90 in 1909, an increase of \$9.19. It is significant that the cost of conversion has been actually reduced in spite of the great increase in wages, which is a matter of common knowledge, and of an increase in the price of fuel and other items over which the manufacturer has no control. This certainly demonstrates that our mills and management have been improving in efficiency to be able to overcome such handicaps.

TABLE 25.—*Itemized cost of production of ground-wood pulp, by years, 1901-1909.*

Items.	1900	1901	1902	1903	1904	1905	1906	1907	1908	1909
<b>Material, wood.....</b>	<b>\$6.48</b>	<b>\$6.96</b>	<b>\$7.09</b>	<b>\$7.41</b>	<b>\$8.38</b>	<b>\$8.78</b>	<b>\$9.08</b>	<b>\$9.50</b>	<b>\$11.14</b>	<b>\$11.82</b>
<b>Conversion:</b>										
Manufacturing labor.....	2.45	2.37	2.57	2.53	2.46	2.46	2.55	2.64	2.34	2.34
Pulp stones.....	.14	.12	.11	.10	.09	.10	.11	.11	.11	.10
Felts.....	.16	.12	.11	.11	.12	.14	.13	.10	.09	.09
Wires.....			.01	.03	.03	.03	.04	.04	.04	.04
Screen plates.....	.08	.05	.06	.06	.07	.07	.05	.05	.06	.06
Belting.....	.10	.07	.07	.07	.06	.06	.07	.07	.06	.06
Lubricants.....	.05	.04	.03	.04	.04	.04	.04	.04	.04	.04
Repair materials.....	.56	.49	.49	.61	.56	.62	.77	.88	.59	.59
Repair labor.....	.37	.29	.32	.36	.30	.29	.32	.41	.43	.43
Fuel, coal.....	.02	.01		.04	.02	.01	.02	.04	.03	.03
Barn.....			.03	.04	.03	.03	.02	.03	.02	.02
Miscellaneous operating expenses.....		.11	.10	.04	.05	.05	.07	.07	.16	.24
Office.....			.01	.01	.02	.02	.02	.02	.02	.02
Water power.....		.38	.34	.37	.36	.36	.37	.40	.60	.45
<b>Total.....</b>	<b>4.15</b>	<b>4.42</b>	<b>4.01</b>	<b>4.25</b>	<b>4.47</b>	<b>4.21</b>	<b>4.31</b>	<b>4.60</b>	<b>5.19</b>	<b>4.51</b>
<b>Direct cost.....</b>	<b>10.63</b>	<b>11.38</b>	<b>11.10</b>	<b>11.66</b>	<b>12.85</b>	<b>12.98</b>	<b>13.39</b>	<b>14.10</b>	<b>16.34</b>	<b>16.33</b>
<b>Fixed charges:</b>										
Insurance and taxes.....		.04	.03	.05	.07	.17	.17	.15	.32	.26
General expense.....		.09	.08	.10	.11	.08	.08	.09		
<b>Total.....</b>	<b>.21</b>	<b>.13</b>	<b>.12</b>	<b>.15</b>	<b>.19</b>	<b>.25</b>	<b>.25</b>	<b>.25</b>	<b>.32</b>	<b>.26</b>
<b>Total manufacturing cost.....</b>	<b>10.84</b>	<b>11.51</b>	<b>11.22</b>	<b>11.81</b>	<b>13.04</b>	<b>13.23</b>	<b>13.64</b>	<b>14.35</b>	<b>16.66</b>	<b>16.59</b>

Table 25 shows for ground wood similarly an increase in cost of wood of \$5.34 per ton of pulp. The total cost of ground wood increased in the 10 years \$5.74 per ton, which is substantially the increase in cost of wood.

TABLE 26.—Cost of production per ton of news-print paper, itemized, and by years from 1900 to 1909, inclusive.

Items.	1900	1901	1902	1903	1904	1905	1906	1907	1908	1909
<b>Material:</b>										
Ground wood.....	\$9.54	\$10.00	\$9.41	\$10.24	\$11.56	\$11.08	\$11.49	\$12.22	\$13.33	\$12.93
Sulphite.....	8.50	9.02	8.32	8.44	9.34	8.53	8.25	9.05	10.26	10.15
Wrappers.....	.52	.76	.70	.66	.70	.63	.60	.56	.63	.61
Fillers.....	.66	.67	.57	.46	.46	.49	.49	.37	.34	.35
Alum.....	.24	.27	.27	.27	.25	.23	.21	.19	.21	.19
Bleach chemicals.....	.12	.10	.05	.03	.03	.02	.02	.01	.01	.01
Color.....	.10	.10	.11	.12	.13	.15	.16	.16	.14	.14
Sizing.....	.16	.15	.15	.15	.16	.20	.17	.16	.14	.15
<b>Total.....</b>	<b>19.84</b>	<b>21.07</b>	<b>19.58</b>	<b>20.37</b>	<b>22.63</b>	<b>21.34</b>	<b>21.38</b>	<b>22.71</b>	<b>25.05</b>	<b>24.55</b>
<b>Conversion:</b>										
Manufacturing labor.....	3.80	4.00	4.11	4.15	3.94	3.83	3.80	4.19	4.35	3.73
Felts.....	.57	.63	.61	.56	.64	.72	.76	.63	.91	.81
Wires.....	.44	.45	.38	.31	.32	.32	.33	.32	.34	.33
Screen plates.....	.04	.04	.03	.02	.03	.02	.02	.03	.02	.02
Balting.....	.14	.15	.13	.12	.12	.11	.10	.11	.13	.12
Lubricants.....	.07	.07	.06	.06	.06	.07	.06	.06	.06	.08
Finishing material.....	.52	.44	.41	.42	.45	.44	.45	.35	.37	.36
Repair material.....	.58	.55	.51	.75	.89	.94	1.01	1.09	.99	1.02
Repair labor.....	.45	.62	.58	.59	.59	.55	.49	.53	.70	.65
Fuel coal.....	2.19	2.30	2.34	2.60	2.34	2.22	2.17	2.23	2.29	2.03
Barn.....									.03	.02
Miscellaneous operating expenses.....	.18	.15	.13	.09	.09	.10	.08	.09	.14	.08
Office.....				.03	.03	.03	.03	.02	.03	.03
Water rents.....	.17	.18	.16	.15	.13	.13	.12	.11	.16	.11
<b>Total.....</b>	<b>9.44</b>	<b>9.88</b>	<b>9.84</b>	<b>9.85</b>	<b>9.65</b>	<b>9.46</b>	<b>9.42</b>	<b>9.96</b>	<b>10.84</b>	<b>9.49</b>
<b>Direct cost.....</b>	<b>29.28</b>	<b>30.95</b>	<b>29.42</b>	<b>30.22</b>	<b>32.28</b>	<b>30.80</b>	<b>30.80</b>	<b>32.67</b>	<b>35.89</b>	<b>33.95</b>
Insurance and taxes.....	.42	.46	.44	.46	.43	.30	.28	.31	.51	.34
Administration.....	.96	1.02	1.26	1.42	1.48	.94	.86	.58	1.25	.91
<b>Manufacturing total.....</b>	<b>30.66</b>	<b>32.43</b>	<b>31.12</b>	<b>32.10</b>	<b>34.19</b>	<b>32.04</b>	<b>31.94</b>	<b>33.83</b>	<b>37.35</b>	<b>35.20</b>
<b>Marketing:</b>										
Freight, cartage, and storage.....	3.40	3.36	3.54	3.66	3.87	3.70	3.89	3.67	3.91	3.89
Sales division expenses.....	.40	.40	.38	.24	.24	.28	.31	.19	.28	.20
Settlement charges.....	2.40	2.54	1.94	1.54	.91	.95	.70	.61	.45	.29
<b>Total.....</b>	<b>6.20</b>	<b>6.30</b>	<b>5.86</b>	<b>5.46</b>	<b>5.02</b>	<b>4.89</b>	<b>4.81</b>	<b>4.37</b>	<b>4.64</b>	<b>4.37</b>
<b>Total cost delivered.....</b>	<b>36.86</b>	<b>38.73</b>	<b>36.98</b>	<b>37.56</b>	<b>39.21</b>	<b>36.93</b>	<b>36.75</b>	<b>38.20</b>	<b>41.99</b>	<b>39.57</b>

Table 26 shows an increase of \$4.71 in the cost of materials in a ton of paper, while the cost of conversion has been kept stationary and the total cost of manufacture has increased only \$2.71 per ton, while the one item of wood has advanced about \$7 per ton of paper. To have overcome to such an extent the increase in cost of wood and in wages ought to make it obvious that the industry has not deteriorated, but, on the contrary, has improved in efficiency. There has been no general increase in the price of paper at all incompatible with the increase in cost of production. Tables for other groups of mills indicate even a greater increase in cost than shown by the tables already considered.

TABLE 33.—*Cost of production of news-print paper in a Canadian mill for 1908, 1909, and 1910, per ton of paper produced.*

Items.	1908	1909	1910
<b>Material:</b>			
Ground wood.....	\$9.23	\$8.94	\$9.39
Sulphite.....	7.03	7.14	6.86
Waste.....	.35	.24	
Clay.....	.53	.71	.50
Alum.....	.21	.31	.36
Size.....	.11	.24	.30
Color.....	.11	.12	.09
<b>Total material.....</b>	<b>17.58</b>	<b>17.70</b>	<b>17.61</b>
Rubber rolls.....			.31
Manufacturing wages.....	4.01	4.01	3.59
Fuel.....	2.23	1.85	1.59
Repair labor.....	1.00	.90	.79
Repair material.....	1.24	.97	.60
Felts.....	.68	.64	.56
Wires.....	.49	.30	.28
Belting.....	.15	.12	.09
Lubricants.....	.09	.08	.07
Finishing expense.....	1.70	2.07	1.65
Screen plates.....	.10	.04	.02
Miscellaneous.....	.10	.07	.05
General mill material.....	.33	.11	.09
<b>Total conversion.....</b>	<b>12.12</b>	<b>11.16</b>	<b>9.99</b>
<b>Total material and conversion.....</b>	<b>29.70</b>	<b>28.86</b>	<b>27.30</b>
Taxes and insurance.....	.14	.14	.15
General expense.....	.93	.75	.62
Paper-mill allowance.....	.06	.09	.05
<b>Total charges and expense.....</b>	<b>1.13</b>	<b>.98</b>	<b>.82</b>
<b>Total cost at mill.....</b>	<b>30.82</b>	<b>29.84</b>	<b>28.02</b>

TABLE 34.—*Cost of production of ground-wood pulp in a Canadian mill for 1908, 1909, and 1910, per ton of pulp produced.*

Items.	1908	1909	1910
<b>Rough wood used.....</b>	<b>\$7.20</b>	<b>\$6.48</b>	<b>\$5.92</b>
Wood preparing.....	.57	.47	.38
Logs to mill.....	.46	.43	.22
Log sorting.....	.14	.16	.15
Felts.....	.02	.03	.06
Manufacturing wages.....	1.58	1.44	1.39
Repair labor.....	.37	.44	.50
Repair material.....	.39	.44	.34
Screen plates.....	.12	.08	.04
Belting.....	.05	.04	.04
Lubricants.....	.03	.02	.02
Cylinder faces.....	.01	.02	.02
Grindstones.....	.14	.19	.13
Miscellaneous.....	.04	.05	.04
General mill material.....	.14	.06	.06
<b>Total conversion.....</b>	<b>4.06</b>	<b>3.87</b>	<b>3.38</b>
<b>Total stock and conversion.....</b>	<b>11.25</b>	<b>10.35</b>	<b>9.25</b>
Taxes and insurance.....	.09	.08	.09
General expense.....	.34	.29	.25
Shipping charges.....			.008
<b>Total charges and expense.....</b>	<b>.43</b>	<b>.37</b>	<b>.35</b>
<b>Total cost at mill.....</b>	<b>11.68</b>	<b>10.72</b>	<b>9.60</b>

TABLE 35.—*Cost of production of sulphite pulp in a Canadian paper mill for 1908, 1909, and 1910 per ton of pulp produced.*

Items.	1908	1909	1910
<b>Material:</b>			
Rough wood used.....	\$14.57	\$13.13	\$11.99
Sulphur.....	2.73	2.82	2.72
Other material.....	.34	.30	.31
<b>Total material.....</b>	<b>17.64</b>	<b>16.25</b>	<b>15.02</b>
<b>Wood preparing.....</b>	<b>1.71</b>	<b>1.47</b>	<b>1.18</b>
Logs to mill.....	.94	.87	.45
Log sorting.....	.27	.32	.32
Manufacturing wages.....	3.12	3.09	2.93
Fuel.....	2.19	1.83	1.56
Felts.....	.15	.15	.12
Repair labor.....	.71	.47	.48
Repair material.....	.76	.83	.53
Beltting.....	.06	.04	.05
Lubricants.....	.03	.04	.02
Screen plates.....	.29	.21	.19
Cylinder faces.....	.06	.04	.04
Miscellaneous.....	.07	.04	.05
General mill material.....	.34	.13	.13
<b>Total conversion.....</b>	<b>10.70</b>	<b>9.23</b>	<b>8.04</b>
<b>Total stock and conversion.....</b>	<b>28.34</b>	<b>25.48</b>	<b>23.06</b>
<b>Taxes and insurance.....</b>	<b>.21</b>	<b>.22</b>	<b>.26</b>
General expense.....	.89	.73	.65
Sulphite mill allowance.....	.05	.04	.04
<b>Total charges and expense.....</b>	<b>1.15</b>	<b>.99</b>	<b>.96</b>
<b>Total cost at mill.....</b>	<b>29.49</b>	<b>26.47</b>	<b>24.02</b>

Tables 33, 34, and 35 show that the Canadian mill or mills covered by them have been getting cheaper wood for three years, and also cutting down the cost of conversion. This is doubtless due to improvements in plant and management.

#### IMPORTS OF WOOD PULP IN UNITED STATES.

[Page 55.]

Ground-wood pulp is imported mostly from Canada. Nearly one-half of it comes in free of duty. The other half pays \$1.66 per ton. The remission of duty, I believe, in this instance, at any rate, merely adds to the profit of the Canadian manufacturer, and does not benefit anybody else.

The great influx of European chemical pulp, mostly sulphite fiber is a more important matter and is really a serious menace. The report says:

Germany has been steadily and rapidly forging to the front as a source of our imports, etc.

Also:

The figure for the last six months of 1910 indicates an uninterrupted continuance of their remarkable progress.

In 1908 less than \$1,500,000 worth of unbleached chemical fiber was imported, whereas in 1910 nearly \$6,000,000 was imported. Reciprocity with Canada will merely allow the Canadians to take the market for sulphite away from European countries, and will hasten the decline of its manufacture here—already started.

CAPITAL INVESTMENT.

[Part X, p. 70.]

The report says that "it may be stated as an approximation that the annual product (at average cost of mill) is not far from one-half the necessary capital invested." This, in our opinion, rather understates the disparity. But accepting it as a basis for calculating what a reasonable price and a reasonable margin of profit are, it means that the profit on sales must be twice the necessary profit on capital. A bare 6 per cent on investment would call for 12 per cent on sales, but to insure against contingencies, such as droughts, floods, strikes, forest fires, and many other unfavorable conditions sure to arise, 10 per cent on investment should be the basis in order to insure an average return of 6 per cent year in and year out. This means 20 per cent on sales.

We have seen that the average cost of a ton of news-print paper in the United States is \$32.88. The board allows \$1.75 per ton additional for depreciation, this being 3 per cent per annum on the actual cost of the plant, or a life of 33 years. They also allow 60 cents per ton for interest on working capital. The cost of administration, selling expense, freight, cartage, storage, settlement charges, as given in Table 31, amount to \$5.44 per ton. This is conservative. These additional charges bring the average cost of paper delivered to the publisher up to \$40.67, say \$40 per ton, in round numbers. As shown above, 20 per cent must be earned on sales to insure the modest return of 6 per cent on investment. Twenty per cent on \$40 is \$8. Thus \$48 per ton would be the minimum average price sufficient to maintain the average mill, but, as a matter of fact, the average price as indicated by the tables and confirmed by common knowledge is less than \$45, or at least \$3 under the reasonable price. If the President and Congress stood by the platform of the Republican Party and by the results of their own Tariff Board's investigation, the duty should be \$13.35 to cover the difference in the average cost plus a reasonable profit. Instead of this, solely through the machinations of a clique of avaricious publishers our meager duty of \$6 under the Dingley tariff was cut down to \$3.75, and now they demand as the price of supporting reciprocity that we shall be stripped of all protection, knowing full well that it means the expatriation of the industry and thousands of wage earners. Abandoned mills and homes would be the monument of their greed and a lasting reproach to the President and legislators should they give it recognition and effect. If we had the power to appeal to the people of the country, we believe they would rebuke in indignation the instigators of such an outrage. The present issue involves the fate of a great industry.



**STATEMENT IN WRITING MADE BY FRANK DROMGOOLE, EDITOR  
OF MOUNT KISCO RECORDER, MOUNT KISCO, N. Y.**

**MR. CHAIRMAN AND GENTLEMEN:** I wish to make a brief statement before you in regard to the Canadian reciprocity treaty now pending. I am opposed to the ratification of that treaty, not only because it is an entering wedge toward free trade, but because it is so completely one-sided in its character toward the people of the United States. The proposed treaty gives the American market of over 90,000,000 people—a people noted all over the world as comprising the highest wage earners, who live the most comfortably, and who are the greatest spenders—in exchange for the Canadian market of less than 9,000,000, whose people do not earn as good wages, do not live as well, nor are they as good spenders. And it is the working classes who keep the money in circulation. The Canadian reciprocity bill looks to me like a bill to exchange American dollars for Canadian dimes.

I am especially opposed to that section of the treaty which provides for paper and wood pulp made in Canada to be admitted free of duty or tariff into the United States. This provision for a virtual repeal of the tariff on news-print paper is absolutely wrong and will work a grievous hardship on American paper manufacturers. It is evidently a response to the clamor that has been raised in certain quarters for cheap paper. But, in my humble opinion, it is like "chasing the rainbow to find the crock of gold." It will fail to give cheaper paper. My opinion is based upon 30 years' experience as a newspaper publisher in Mount Kisco, and I wish to present a few facts and opinions from my viewpoint.

When I first started in business for myself 30 years ago I paid 7 cents a pound for news-print paper, from Henry Lindenmeyer & Sons, New York City. That was the prevailing price. To-day, and for many years past, I can and have bought similar paper at 2½ cents a pound. That is a regular price for such paper in sheets such as is used by the country newspapers. The reduction in price is over 60 per cent, and I consider print paper very cheap at 2½ cents a pound. The wonder to me is that it can be made at that price, when one considers the many operations that take place from the time the tree is felled in the forest till the paper is packed in bundles at the mills ready for shipment.

Print paper is even cheaper in the roll, selling, I believe, at less than 2 cents a pound.

The Tariff Board recently submitted to the United States Senate its report on the comparative cost of paper production, in which it stated that it cost \$5.35 more to produce a ton of paper in the United States than it did in Canada. Yet the present United States tariff on print paper is only \$3.75 a ton, which I consider is entirely inadequate to give the United States paper manufacturer a fair profit on his product, as it is a maxim of the protective principle that the

tariff should at least be equal to the difference in the cost of production between the United States and foreign countries.

So far as I can learn, it has not been shown that the American paper mills are making an exorbitant profit or paying enormous dividends. But even if it was so, the publishers of the large city dailies that are setting up such a cry for "cheap paper" have the remedy in their own hands. Why don't they become practical patriots and hurry to the relief of those who are suffering, as alleged, because paper is not cheap enough? Let them invest part of their princely earnings in building paper mills in America; give opportunity for the investment of American capital; hire American labor, skilled and unskilled; make their paper here, sell it at a cheaper price, if they can; and thus give relief to their burdened brethren and themselves. This would keep the money in the country and give employment to American labor instead of sending the money to Canada to pay wages to Canadian workmen.

I will claim that American paper mills are not making an enormous profit, for if they were there would soon be more mills, whose owners would be anxious to share in the profits of the business.

If this treaty passes and becomes a law I fear that the effect on American paper mills will be disastrous, and if they should be closed as being unprofitable then we would be at the mercy of the Canadian mills, with the result that increased prices would quickly follow, over which we would have no control at all.

The clamor of the large city papers, notably a few in New York City, is unfair, unjust, and selfish. These papers show by their sale price that the charge of 1 cent a copy is inadequate. The World, American, and Times, of New York City, sell their morning edition at 1 cent in New York City, Brooklyn, and Jersey City, but it is 2 cents outside those places. This proves that they think the paper is properly worth 2 cents, but the intense competition in the city won't let them charge it.

The New York Herald is, so far as I know, the only paper in the city that has the business backbone to charge 3 cents a copy anywhere. There is no cry of oppression from anybody who buys the Herald. The paper is worth the money and everybody willingly pays the price. The other papers are worth more than 1 cent, but they haven't got backbone enough in the business office to put a price on their product that will yield a profit instead of a loss; therefore they cry to Congress for "cheap paper." And yet only last Friday, May 26, 1911, the New York Evening Mail consisted of 16 pages, the Evening Globe 18 pages, and the Evening World 24 pages, and each sold for 1 cent. The price is ridiculously low.

The remedy for this clamor for "cheap paper" is the coinage of a 2-cent coin, so that the daily papers can be sold at that price readily, without the trouble of handling two small coins or making change. This coin would give the city dailies a chance to "get together" and put their business of sales on a proper basis. And it would work no hardship on the purchaser. Almost every mechanic or workman of any kind has had his wages increased from 20 to 50 per cent in the last 6 or 7 years, and the prices of all commodities have likewise increased. Why shouldn't the daily paper get an increased price? It

is certainly well worth it, and if this could be done we should hear no more of this clamor for cheap foreign-made paper.

The idea of "cheap" paper is a phantom. I was born in England and lived there 20 years before coming to America. I went to England on a visit of a few weeks last year. One of my brothers is in the newspaper publishing business there. I asked him what he paid for print paper. He said "A penny farthing a pound." That is the equivalent of 2½ cents, which I pay here. We both use sheet paper. England is absolutely free trade in its manufacturing relations, and gets its wood pulp from France, Germany, Norway, Sweden, or anywhere it is for sale. Yet the price charged for print paper there is the same as here; so that I can not see that paper is going to be any cheaper, even if we get Canadian paper free of tariff, while the treaty may kill our paper-making industry, and so work untold harm to American capital and American labor.

I therefore hope that the Canadian reciprocity treaty will not meet with your approval.

**SUBMITTED BY N. P. HULL, OF DIMONDALE, MICH., IN COMPLIANCE WITH REQUEST OF SENATOR WILLIAMS.**

**MICHIGAN STATE GRANGE,  
Dimondale, Mich., May 20, 1911.**

**Hon. BOIES PENROSE,  
Washington, D. C.**

**DEAR SENATOR:** I am inclosing with this a copy of the circular letter we sent out with the petitions that I called the committee's attention to last week. Senator Williams asked me to send a copy to you, and I promised him I would do so. With kind personal regards, I am,

Very truly, yours,

**N. P. HULL.**

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**LEGISLATIVE COMMITTEE, MICHIGAN STATE GRANGE,  
Pontiac, Mich.**

**DEAR SIR:** We are inclosing with this a petition protesting against the passage of the Canadian reciprocity. We honestly hope you will have as many voters sign this petition as possible. We are sending it to you now so that the signatures can be easily gotten on election day. As you probably already know, this measure puts the products of our farms on the free list, while it retains the duties on manufactured goods. For instance, wheat is admitted free, while flour is protected 50 cents per barrel. Live stock is admitted free, while dressed and canned meats are protected 1½ cents per pound. Fellow farmers, can you see any good reason why the manufacturer should be protected and the producer should not? Surely more labor enters into growing the wheat for a barrel of flour than for milling it. Why should the labor of the miller be protected and not the labor of the grower?

The theory of protection in this country has been based on the proposition of a tariff duty equal to the difference in the cost of production in this and other countries, to the end that we might maintain a higher standard of values. Canada, with its new and cheaper lands, cheaper labor, and cheaper food and clothing can produce farm products cheaper than the farmers of Michigan. Then, why should he not be protected, if all other industries are?

Farm products are now protected on an average of about 25 per cent, while manufactured products are protected about 45 per cent. This reciprocity measure proposes to take away our small protection and force us into direct competition with the great and developing agricultural resources of Canada, while it gives us absolutely nothing in return for it. It simply means a free-trade market for what we have to sell and a protected market for what we have to buy. It is claimed that this measure will insure to our people an adequate food supply for the future. But do you for a moment question our ability to feed our people, if we can be reasonably assured of a price

for our products that will enable us to develop our farms and employ labor? Are you willing to stand for a policy that will tend to paralyze American agriculture, that we may favor the Canadian farmer? We, as farmers, can not maintain a paid lobby in Washington to protect our interests. But we can and will do our best to defeat this most unjust measure. Will you not do your part by getting all the signatures you can, that we may bring our united strength to bear for self protection? When you get petition signed kindly send to C. S. Bartlett, Pontiac, Mich. We will see that they are presented to Congress at the proper time.

N. P. HULL,

*Master Michigan State Grange.*

C. S. BARTLETT,

L. W. OVIATT,

G. B. HORTON,

*Legislative Committee Michigan State Grange.*

**STATEMENT, IN WRITING, BY THE HOME MARKET CLUB, BOSTON, MASS., ALBERT CLARKE, SECRETARY.**

**POSITION OF EASTERN MANUFACTURERS.**

(1) The Home Market Club, which I represent, is composed largely of manufacturers in the Eastern States, who employ an aggregate of several hundred thousand people and several hundred millions of dollars, and is devoted chiefly to the cause of protection by duties on imports. On the 13th of February, 1911, the executive committee of the club adopted, by a unanimous vote, some resolutions on the pending compact for reciprocity with Canada, of which the following suffices to state the club's position and the main reason for it:

*Resolved*, That while mutual benefits may be possible under some reciprocal trade arrangement with Canada, the more the pending compact is studied the more difficult it is to approve it as a whole. It seems to us contrary to the protective principle, which should treat all sections, all interests, and all countries alike. It not only discriminates against our farmers, fishermen, lumbermen, pulp and paper makers, and some other industries, but it is accompanied by intimation that further reductions are contemplated. It is not likely to reduce the cost of living, because the Canadians and the middlemen will advance prices according to their enlarged opportunity.

Copies of all the resolutions were furnished to all the Senators at the time, hence I do not deem it necessary to set them forth in extenso here.

Further resolutions were adopted by the same body on the 20th of March, copies of which were furnished to members of the Senate, which deplored the President's offer of full free trade to Canada, as stated in his Atlanta speech of March 10, his apparent disregard of our productive industries, his calling of an extra session of Congress, his neglect of the information of his own Tariff Board, and his frequent exertions of influence on tariff measures before the legislative branch of the Government.

**AGAINST FREE RAW MATERIALS.**

In the past this club has opposed, as specific measures have been pending, the demands for free raw materials. Its first great public meeting, held 23 years ago, was devoted wholly to such opposition, and was addressed—among others—by John Sherman and William McKinley. In April, 1903, the full board of directors and other officers adopted unanimously this resolution:

*Resolved*, That we believe that the producers of so-called raw material are as much entitled to reasonable protection as the makers of finished goods, and we are sure that a removal of protection from the one class of products will precede but a little the removal from the other also.

In January, 1906, the same body (somewhat differently composed) by a unanimous vote adopted the following resolution:

That we favor adequate and impartial protection to every American industry; that we wish farming, mining, and shipping to be as well protected as manu-

facturing; that we do not demand free raw materials except when we are obliged to depend mainly upon foreign supplies; that in Massachusetts this demand comes chiefly from those who would like to break down the policy of protection, aided by others who think their own interests depend but little upon protection and therefore do not appreciate its great indirect benefits.

I may add that whenever the subjects have arisen, the club in its publications has opposed free wool, free hides, free lumber, free pulp, free paper, free farm products in general, and its greatest opposition to this compact with Canada is because the fundamental principle of the compact is free raw materials.

#### PIECEMEAL REVISION UNSCIENTIFIC.

(2) This club is opposed to it upon the further ground that so far as it goes it is a piecemeal revision of the tariff, which we regard as unscientific and unjust and calculated to keep business frequently if not constantly disturbed. On this subject I beg to submit the copy of a letter to President Taft, which was addressed to him by order of our executive committee on the 6th day of September, 1910, and which I attach hereto.

#### A PERIL TO EMPLOYMENT AND WAGES.

(3) We further oppose the compact because we believe it will endanger the employment and the wages of our industrial population. In support of this proposition, I beg respectfully to submit a circular issued in 1904 by a committee of shoe workers in Lynn, Mass., when reciprocity with Canada was the leading political issue in a Massachusetts campaign. I regard it the best trades-union circular that I have ever seen, and while wages in the different countries, particularly in Canada, may have since somewhat increased, there is recent information, which I consider entirely trustworthy, that the wages of shoe workers in Canada are still at least 10 per cent lower than those in Massachusetts, which is sufficient to cause a transfer of machinery from this country to Canada in case Canadian shoes should be admitted to this country free of duty. I attach the circular hereto.

(4) One of the arguments employed by friends of the compact is that in some way it will be the means of reducing our general tariff to about the Canadian level of duties.

#### WHY UNITED STATES DUTIES ARE HIGHER THAN CANADIAN.

This, I respectfully submit, would be as unscientific as any other partial revision. Canada's duties suffice for her need of both revenue and protection, and our needs are very different. The American market being so much greater than the Canadian, and our people having so much more purchasing power, the pressure from foreign products is vastly greater here, thus necessitating higher duties if we are to maintain the protective system.

#### A FALSE DEFINITION.

This leads me to say that the definition of the just measure of protection contained in the Republican national platform of 1908, which, it is understood, was suggested by Mr. Taft, namely, that the

duties should cover the difference between the cost of production at home and abroad, and allow a reasonable profit to the manufacturer, seems to me a radical error. This was followed by Mr. Taft's promise of a general reduction of duties, which promise was made before there was any investigation by Congress or by a Tariff Board. The failure in some respects to reduce duties in the enactment of the Payne bill has been the occasion of repeated charges that the party did not keep its promise and therefore there should be a further revision downward. This has been highly detrimental to business and is one of the arguments adduced in favor of this arrangement with Canada.

The differences in the cost of production between this country and other countries constitute one of the chief reasons for protective duties, but they are not and can not be a just measure of the duties. First, because foreign costs of production are almost impossible of ascertained, and, second, because many factors enter into exportation besides costs of production. The true rule by which to measure protective duties is the volume of imports. No matter what foreign goods cost, if they come here they displace American goods, and such duties should be applied as will handicap the competition.

#### BRITISH AND CANADIAN INTERPRETATION OF THE MOST-FAVORED-NATION CLAUSE.

One of the greatest objections to the compact is that it will make Canada a dumping ground for imports from many countries, which imports will seek the American market through Canada as a back door.

We are not in danger from our own treaties which have the most-favored-nation clause, as is historically set forth in Senate Document No. 29 of this present session. But Great Britain, being a free-trade country, and therefore having no bargaining power, does not recognize the "rule of equivalency," and holds that the special consideration set forth in reciprocity treaties or arrangements does not exempt them from the application of the most-favored-nation clause. In other words, the United States holds that a compact which is given for a price, however inadequate the price may be, stands by itself, and is not subject to the claim by any other country of most-favored-nation treatment; while Great Britain holds that any interchange of goods at lower rates, whether specially paid for or not, is equally open to all countries whose commercial treaties have the most-favored-nation clause. Canada admits this interpretation to be binding upon her, so far as concerns British treaties to which her assent had been given.

There are 12 such countries, namely, Argentine Republic, Austria-Hungary, Russia, Spain, Norway, Sweden, Denmark, Switzerland, Japan, Bolivia, Colombia, and Venezuela, besides, of course, the great dominions in the British Empire. It will be observed that these are both agricultural and manufacturing countries, and since their products are to be admitted to Canada at the same duties as those of the United States under this compact, the value of our expected market in Canada will be greatly diminished, and all the goods from those countries which can not be distinguished from goods of Canadian origin can come into the United States through Canada without fear



of detection. This consideration alone ought to suffice to defeat the ratification of the compact.

For fuller information on this subject, I append hereto an article from the May number of *Industrial Canada* and an article from the *British Trade Review*, of London, in the issue for May 1, 1911, based upon a report of the British tariff commission. I commend these articles to the study of Senators, and with high respect I have the honor to be,

Yours and the committee's obedient servant,

ALBERT CLARKE.

LETTER TO PRESIDENT TAFT AGAINST PARTIAL TARIFF REVISION.

[Sent last summer, but not printed until November 29.]

HOME MARKET CLUB,  
*Boston, September 6, 1910.*

HON. WILLIAM H. TAFT,

*President of the United States, Beverly, Mass.*

MR. PRESIDENT: At a meeting of the executive committee of the Home Market Club, held August 30, it was voted that the secretary be instructed to express to you, with assurances of a desire to support your administration, the opinion which its members entertain that the suggestion for piecemeal revision of the tariff—one schedule at a time—will be found impracticable, because whatever the House of Representatives may do, the Senate, which has no rule of closure, is not likely to adopt a joint rule, or a Senate rule, which will circumscribe its powers of amendment, which, under the Constitution, are as unlimited on revenue bills “as on other bills.”

Regardless, however, of parliamentary or constitutional difficulties, upon which the committee professes no expert knowledge, its members as business men think that one-schedule revision would be unfair, because the various schedules of the tariff necessarily bear relation to each other. For example, if the duties in the wool and woollens schedule were to be reduced, is it not possible that those in the machinery schedule, which affect the cost of producing woollens, should also be reduced? Likewise those on building materials, fuel, oil, leather, chemicals—on everything in whatever schedule that affects the cost of wool growing and wool manufacturing? In further illustration, take the cotton schedule, which is dependent on the metal schedule for its machinery; on the wood schedule for lumber for construction, bobbins and shuttles, and many other supplies; on the leather schedule for belting, pickers, etc.; and on the chemical schedule for dyestuffs, oils, and paints.

Then, there is the danger of sectional animosity being developed throughout the country. Many of the loudest talkers in Congress in favor of tariff revision have stoutly opposed any reduction on articles in which their States are especially interested. With piecemeal revision, it might be very easy to attack one section of the country and secure a vote that would do grievous injury to its industries.

All the textile schedules are closely related on account of the labor question and the interchangeability of the help from one branch of textile manufacturing to another. If conditions are produced that

necessitate a change of the basis of labor in one industry, it would be fair and necessary that the other industries should not continue on the old basis. In other words, the industry that was first affected would be handicapped in the competition with other industries which had not yet been affected by revision.

To some extent these reasons apply to every schedule and they seem to the committee conclusive that when the tariff is revised it must be revised as a whole.

If this method is open to the objection that interests may combine, so is the proposed method, for to save themselves they may either unitedly defend a schedule that is first attacked, to prevent further assaults, or some of them may combine against a Jonah; besides, nothing could more effectually invoke the danger of class legislation and sectional interest or prejudice than such a partial revision.

It is the opinion of the committee that there would be nearly or quite as much disturbance to general business from partial as from total revision, because uncertainty would prevail, and added to it would be jealousies between industries; and no sooner would one schedule be revised than there would be a demand to take up others.

The importance of a settled policy for a period of years, and the magnitude of the industries for which the committee speaks, are the considerations which prompt them to submit these views. In their behalf I have the honor to be, with high respect,

Very truly, yours,

ALBERT CLARKE, *Secretary.*

#### WOULD RECIPROCITY HELP AMERICAN SHOE WORKERS?

[From the Lynn Central Labor Union's program, issued for the Massachusetts State Branch of the American Federation of Labor Convention, 1904.]

The duty on imported shoes is 25 per cent. If it were repealed or reduced, would not some of the low-wage countries, all of which now have American shoe machinery, compete with us, and would not our manufacturers make it an excuse for reducing wages? Let us see:

*Comparison of daily wages of several classes of shoe workers.*

	Canada.	England.	France.	Massachusetts.
Cutters.....	\$1.50	\$1.30	\$1.35	\$2.40
Lasters.....	2.00	1.34	1.60	2.65
Stitchers.....	1.49	1.05	1.25	2.28
Heelers.....	1.42	1.22	.77	3.72
Edge setters.....	1.67			3.69
Finishers.....	1.73	1.30	1.06	3.11

In 1894 the weekly wages of journeymen shoemakers in Germany ranged from \$1.66 in Breslau to \$5.23 in Bremen, and in other places they were from \$2.50 to \$3.50—that is, they were little more for a week than similar workmen in America get for a day. A consular report says that in Berlin the average earnings per year in the different factories are, for men, \$142.80 to \$214.20; for women, \$47.60 to \$119; and for youths of both sexes, from \$47.60 to \$117.10. Doubt-

less they are somewhat higher now, but they are still very low compared with earnings in America.

It may be said that the American workman turns out a greater product in the same time than any foreign workman. As a rule this is true, but the official reports from which the above table was compiled show that foreign operatives of the same class work more hours per week than those in Massachusetts—for example, 59 in England, 60 in Canada, and 60 to 72 in France, as against 58 in Massachusetts. Probably the longer time abroad nearly makes up for the slower speed.

If it should be allowed that the weekly product of the American workman is greater by 20 per cent than that of his foreign competitors, the labor cost here would still be more than 50 per cent greater than in Canada, 90 per cent greater than in England, and 95 per cent greater than in France. This would give those countries a dangerous advantage in competition.

We are gaining foreign markets without reciprocity. Our exports of boots and shoes for the year ending June 30, 1904, were valued at \$7,238,940, as against \$1,708,224 seven years ago, when the present tariff was enacted.

And yet about forty times as many of our boots and shoes are sold at home as abroad, and the home market grows faster than our foreign market. What should we gain by exchanging it for them? Reciprocity might for a time help merchants and shippers, but for working people it would be a delusion and a snare.

CHARLES O. WHIDDEN,  
*President Joint Council No. 4,*  
 JOHN R. RONALD,  
*Secretary-Treasurer Joint Council No. 4,*  
 ALBERT M. HARLOW,  
*Local 32,*  
*Boot and Shoe Workers' Union, Lynn, Mass.*

**FAVORED NATIONS AND RECIPROCITY—CANADA IS BOUND BY SEVERAL OF GREAT BRITAIN'S TRADE TREATIES—THOSE WHO WILL GET ADVANTAGE OF PROPOSED AGREEMENT—EFFECT ON CANADA'S POWER TO NEGOTIATE PREFERENTIAL TREATIES.**

[By R. W. Breadner, in *Industrial Canada* for May, 1911.]

In the discussion on the proposed reciprocity agreement with the United States some references have been made to "the favored nations," but comparatively little light has been thrown upon the relationship which exists between the favored nations and Canada at the present moment. The following information has been compiled to show the historical setting of the favored-nation treaties and how the present proposed revision of the Canadian tariff will apply to countries other than the United States.

The resolutions now pending before the House of Commons to amend the customs tariff of 1907 so as to allow for the proposed reciprocity agreement with the United States, provide as follows:

1. That the articles, the growth, product, or manufacture of the United States, specified in Schedule A shall be admitted into Canada free of duty when imported from the United States.

2. That the articles, the growth, product, or manufacture of the United States, specified in Schedules B and D shall be admitted into Canada upon payment of the rates of duty specified in the said schedules when imported from the United States.

3. That the advantages hereby granted to the United States shall extend to any and every other foreign power which may be entitled thereto under the provisions of any treaty or convention with His Majesty.

4. That the advantages hereby granted to the United States shall extend to the United Kingdom and the several British colonies and possessions with respect to their commerce with Canada: *Provided, however*, That nothing herein contained shall be held to increase any rate of duty now provided for in the British preferential tariff.

Those countries known as the favored nations, which, under treaties of long standing with Great Britain, are entitled to any tariff advantages granted to the United States under the present proposed agreement, are given below, with the dates of their respective treaties:

*Argentine Confederation*.—Under treaty made with Great Britain on the 2d of February, 1825.

*Austria-Hungary*.—Under treaty made with Great Britain on the 5th of December, 1876.

*Bolivia*.—Under treaty made with Great Britain on the 29th of September, 1840.

*Colombia*.—Under treaty made with Great Britain on the 16th of February, 1866.

*Denmark*.—Under original treaty made with Great Britain on the 12th of July, 1670, which was confirmed by another treaty made with Great Britain on the 14th of January, 1814.

*Japan*.—Under treaty with Canada dated the 31st of January, 1906. This treaty will terminate on the 17th of July, 1911. It is understood that another treaty with Japan is now under consideration.

*Norway*.—Under treaty with Great Britain dated the 18th of March, 1826.

*Russia*.—Under treaty made with Great Britain dated the 12th of January, 1859.

*Spain*.—Under treaty made with Great Britain, dated the 9th of September, 1713, which was confirmed by another treaty dated the 17th of August, 1814.

*Sweden*.—Under treaty with Great Britain dated the 18th of March, 1826.

*Switzerland*.—Under treaty made with Great Britain, dated the 6th of September, 1855.

*Venezuela*.—Under treaty with Great Britain dated the 18th of April, 1825, confirmed by another treaty with Great Britain on the 29th of October, 1834, and again renewed and confirmed by an exchange of notes with Great Britain dated the 13th of February, 1903.

All of these treaties provide that no other or higher duties shall be imposed on the importation into British territories or dominions of articles of the growth, produce, or manufacture of the nations above named than are or shall be payable on like articles being the growth, produce, or manufacture of any other foreign country.

Regarding the French treaty with Canada, which came into force on the 1st of February, 1910, any tariff advantages granted to the United States on certain articles specified in Schedules B and C of the French treaty must also be granted to France, Algeria, French colonies and possessions, and the territories of the Protectorate of Indo-China. The articles enumerated in the French treaty which would be thus affected by the agreement with the United States are: Cheese; garden, field, and other seeds not herein otherwise provided for, when in packages weighing over 1 pound, not including flower seeds; grass seed, including timothy and clover seed; canned meats

and canned poultry; extracts of meat, fluid or not; peanuts, shelled or unshelled.

Those countries now enjoying the privileges of the British preferential tariff would also be granted the same advantages as the United States, according to resolution 4. The British preference now applies to the following countries: The United Kingdom, the British colony of Bermuda, the British colonies commonly called the British West Indies, British Guiana, British India, Ceylon, Straits Settlements, New Zealand, South African Customs Union.

It may be said that the extension of the tariff advantages to the United Kingdom and the British colonies and possessions was optional with Canada, but so far as the above-named British countries are concerned resolution 4 is simply in conformity with the British preferential tariff policy. But this resolution also brings in the following additional British colonies and possessions to enjoy the advantages granted to the United States, even although they were never entitled to the benefits of the British preference: Newfoundland, British Honduras, Australia, Territory of Papua (British New Guinea), Labuan, St. Helena, Aden, Hongkong, Cyprus, Malta, Falkland Islands, Gibraltar, British North Borneo, Sarawak, British West African colonies as follows: Gambia, Gold Coast, Sierra Leone, Southern Nigeria, Northern Nigeria, and Lagos; British Central Africa, Mauritius, Seychelles Islands, Federated Malay States, as follows: Pahang, Negri Sembilan, Perak, Selangor, Solomon Islands, Gilbert and Ellice Islands, Tonga and Norfolk Island.

Section 8 of the customs tariff act of 1907 provides that fish and other products of the fisheries of Newfoundland may be imported into Canada free until otherwise determined by Governor in Council. The above-named favored nations and British countries, however (excepting France, New Zealand, and the South African Customs Union), offer no special tariff advantages to Canada in return for the advantages obtained by them under the provisions of the French treaty and the proposed agreement with the United States. South African Customs Union and New Zealand now give a preference to Canadian products.

The marked difference in the interpretation of trade treaties by Great Britain and Canada as compared with the United States is such that the United States consider favored nations have no right to participate in the tariff advantages granted to a named country in return for tariff advantages granted by that named country to the United States.

(1) The tariff advantages granted by the United States to Canada do not extend to any other country.

(2) Canada, under the resolutions pertaining to the reciprocity agreement, will grant advantages to many countries.

(3) Canada's power to negotiate preferential trade arrangements with other British dominions would be in a large measure paralyzed, inasmuch as certain British dominions hitherto not given a preference would be granted the same advantages as the United States through the application of resolution 4, covering the reciprocity agreement. In this way Canada would lose any opportunity she might have had of establishing a closer trade relationship with Australia.

(4) With the exception of the treaties with France and Japan, power of abrogation is vested in Great Britain. Canada, therefore,

can not withdraw in any degree from such treaties without the renunciation of the whole treaties by the Imperial Government, which would imperil a large portion of the trade of the United Kingdom.

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#### BRITISH TRADE RELATIONS AND THE CANADIAN-AMERICAN TREATY.

[From the *British Trade Review*, May 1, 1911.]

An important memorandum on most-favored-nation agreements in relation to the proposed reciprocal treaty between Canada and the United States has been published at an opportune moment by the Tariff Commission. It is pointed out that there is a difference in the interpretations of most-favored-nation treatment as adopted by the United States and the rest of the world, and that this difference becomes of immediate practical importance in connection with the proposed reciprocal arrangement between Canada and the United States.

The United States has always maintained what is, in effect, the older British interpretation of concession for concession—concessions to a particular State in return for concessions from that State are only to be extended to most-favored-nation States which give corresponding concessions. Since the adoption of free trade the British principle has been, with some exceptions, that most-favored-nation countries must grant to the United Kingdom automatically and without further compensation every tariff concession extended to any other country.

In this connection there is quoted a passage from a dispatch written by Lord Granville in 1885, in which the foreign minister of the day says:

It is obvious that the interpretation now put forward would nullify the most-favored-nation clause, for any country, say France, though bound by the most-favored-nation clause in her treaty with Belgium, might make treaties with any other country involving reductions of duty on both sides, and by the mere insertion of a statement that these reductions were granted reciprocally and for a consideration might yet refuse to grant them to Belgium unless the latter granted what France might consider an equivalent. Such a system would press most hardly on those countries which had already reformed their tariffs and had no equivalent concessions to offer, and therefore Great Britain, which has reformed her tariff, is most deeply interested in resisting it.

Hitherto, the memorandum goes on, this difference in point of view has been of no substantial importance in practice, by reason of the nature of the items covered by the reciprocity agreements concluded by the United States. Thus the reciprocity treaties with France, Germany, and Italy covered the following items: Art works, spirits, wines, preserved fruits, and tartar; those with Spain and Switzerland, art works, spirits, and wine. The treaty with Portugal was concerned only with tartar, spirits, and wine; that with Holland concerned spirits; and that with the United Kingdom, art works. None of these reciprocity treaties was renewed under the Payne-Aldrich tariff law.

The position is, however, entirely changed by the proposed reciprocity agreement between Canada and the United States. For the first time important items of manufacture are to be made the subject of an arrangement, and owing to the exceptional interpretation given

to most-favored-nation treatment by the United States nearly £3,000,000 worth of British products would, under the proposed reciprocal arrangement, be subject to higher duties in the United States than if the same articles were imported into the United States from Canada. These higher duties will apply, of course, in the first instance, not to the United Kingdom only, but to all foreign countries. But, as the Tariff Commission report points out, the United Kingdom is in an entirely different position from that of any other country desiring a modification of the United States tariff in her favor.

Germany, for example, will suffer the same differentiation as the United Kingdom, but Germany, having a negotiating tariff, can offer to the United States reciprocal concessions, in order to secure for her products the lower United States duties now granted to Canada. The United Kingdom, having no reciprocating tariff, is without effective means of negotiating for concessions from the United States.

It is important, also, to note, continues the report, that the competing power of Germany in protected markets is greater than that of the United Kingdom. Thus in 1909, the latest year for which figures are available, the exports from Germany and the United Kingdom to identical protected markets were: Germany, £95,500,000; United Kingdom, £49,000,000; and the increases over 1895 were: Germany, £53,000,000; United Kingdom, £22,000,000.

The memorandum of the Tariff Commission then proceeds to deal with the position of Canada in regard to the most-favored-nation clause of British international trade agreements. Canada, it is remarked, is concerned as part of the British Empire in some 20 most-favored-nation treaties. That means that she will have to extend, according to the British interpretation of the most-favored-nation clause, to all these countries, without receiving any equivalent, the tariff concessions she makes to the United States. This enforced enlargement of the area for concession must tend, to quote the memorandum of the Tariff Commission—

in the absence of an imperial principle in the negotiation of trade treaties, to compel Canada to seek release from the present obligations of most-favored-nation arrangements. Especially would this be the case should the present reciprocal arrangement between Canada and the United States lead to the adoption of the policy of complete commercial union between the two countries which President Taft disclosed in March, 1911.

The question, it is stated, was raised in its general aspect so long ago as 1892, when the Senate and the House of Commons of Canada adopted a memorial to Her Majesty setting out objections to the system of most-favored-nation treaties and suggesting the adoption of the principle of reciprocal concessions as between the various parts of the British Empire and between the Empire and foreign nations. In reply the British Government made the following intimation:

Many of the commercial treaties entered into by this country contain most-favored-nation clauses, and these treaties apply in many instances to the mother country and to all the colonies. In order, therefore, to confer upon the Dominion complete freedom in its negotiations with foreign powers, it would be necessary to revise very extensively the existing commercial treaties of the British Empire, and a great break-up of existing commercial relations, of which Canada now enjoys the benefits, is involved in the suggestion.

### The Tariff Commission memorandum adds:

It will be noted that in this dispatch of 1892 the British Government took a most serious view of the suggestion of the separation of Canada from the imperial treaty system, involving, as it would, a "complete break-up" of the commercial relations of the whole British Empire with foreign countries. Similarly, in the British House of Commons, on March 23, 1911, Sir Edward Grey, secretary of state for foreign affairs, stated that the withdrawal of Canada from most-favored-nation treaties would involve the denunciation of these treaties by the Imperial Government.

At present it is pointed out the material interests affected by Canada's enforced concessions to most-favored nations are inconsiderable, but—

It has to be remembered that every extension of Canadian reciprocity is made increasingly difficult by these most-favored-nation treaties and exposes Canada to diplomatic complications. Moreover, if reciprocity with the United States moves in the direction of the proposals made to the Canadian Government by Mr. Taft in the course of the present negotiations—i. e., complete freedom of trade across the frontier—the treaties could not be maintained short of the destruction of the Canadian tariff as a revenue-producing agent. In fact, the nearer Canada approaches to freedom of trade with the United States, the nearer she must approach to general free importation if the most-favored-nation clause is maintained in its present form. Canada's imports from the United States are of the same character as the imports from most-favored-nation countries—that is to say, manufactures—and are similar also to the imports from the United Kingdom. It follows, therefore, that if Canada should be driven by circumstances to accept the proposal made by the United States in February, 1911, for free trade in everything between the two countries, practically the whole of Canada's imports from all countries would be placed on the free list, and both the revenue-producing power of the Canadian tariff and its power of protecting Canadian manufactures must be destroyed, while the British preference would disappear.

The concluding section of the memorandum summarizes a report issued by the Tariff Commission some little time ago, in which it was shown that nations which had retained the power of negotiating tariff treaties gained much more benefit from reciprocal arrangements than the United Kingdom obtained by the automatic action of the most-favored-nation understanding. For example, it was shown that while only 28 per cent of British imports into Germany enjoyed special rates, 38 per cent of Austrian imports and 51 per cent of Swiss goods came in on a lower scale. This is explained by the fact that while tariff countries can negotiate for reductions on articles important to their trade the United Kingdom has to accept whatever reductions are going, and the favored articles may not be of value to our trade. The Tariff Commission memorandum concludes:

The only way out of the difficulty would seem to be not the abandonment of the British interpretation in favor of that of the United States, but the resumption by the mother country of her former power of direct negotiation, so that the States and the British Empire, each possessing its negotiating tariff, should be enabled to unite in commercial negotiations with foreign countries. It has been contended by some of the representatives of the Dominions, as, for instance, Mr. Deakin at the Imperial conference of 1907, that the bargaining power of each State of the Empire in its dealings with foreign countries would be greatly increased by such joint action.



**STATEMENT AND LETTER SUBMITTED, IN WRITING, BY J. L. HUDSON, OF DETROIT, MICH.**

DETROIT, MICH., *May 23, 1911.*

Hon. BOIES PENROSE,  
*Chairman Senate Finance Committee,*  
*Washington, D. C.*

MY DEAR SENATOR: After Mr. McRae, president of the Detroit Board of Commerce, had addressed your committee on the Canadian reciprocity matter on Thursday last, it was suggested by one of the Senators that it would be better for the other members of the committee to send their communications to you in writing. You very graciously consented to hear from us in that way. In accordance with that I take pleasure in giving you my views as to the agreement with Canada.

Looking at the question from the standpoint of a merchant and trader, it seems to me the rejection of the agreement would be exceedingly unwise. The Canadians are the same sort of people as we are; we are of one race; our aims, ambitions, and desires are alike; we live on the same plane; the wages paid Canadians are the same as those paid our people; they can not produce things any cheaper in Canada than we do here; we manufacture here all the things they need, and we are at their doors; the country has an enormous territory and they are great consumers.

The tremendous growth of Detroit in the past ten years is almost altogether due to its manufacturing establishments. Our adding machines, our automobiles, our stoves, our pharmaceutical preparations, our paints and pigments, and all our other manufactured articles have brought us wonderful prosperity and have helped to make us the best city in the United States to live in. Our people are better housed, better clothed, and better fed than those of any other city. The reason for all this is that we have manufactured first-class articles and have the world for our market. Our neighbor on the north stands ready to buy more and more from us, and it is greatly to the interest of Detroit, and not only of Detroit, but of Michigan and of every other city and State in the Union, that we should increase our business with Canada.

Much has been said as to the opposition of the farmers to this agreement. Some people seem to think that the little 50,000,000 bushels of surplus wheat Canada produces is going to destroy the wheat market of the United States. They have made a "bogy man" of Canada's surplus and have thoroughly frightened many of our farmer friends. If it were known to-day that the wheat and all other crops of the United States would be increased during the coming harvest as much as Canada produces, we would hardly be able to contain ourselves with joy at the great prosperity of the country; no one would dream that the prices would be seriously affected, unless all the world had bumper crops, but the fear of our getting Canada's little surplus has brought men to Washington to argue against better

trade relations with Canada. I believe if this agreement is ratified by the Senate there will not be any appreciable difference in the price of wheat or anything else produced by the farmers.

When I was in your committee room I heard several gentlemen arguing against the reduction in the tariff on lumber. The only desire of these gentlemen seemed to be to keep up the price. The question as to whether the price was a fair or unfair one was not discussed. Their complaint was, "You must not do anything that will make a better supply of lumber or give us a better quality; you gentlemen of the Senate are here to see that our prices are not interfered with." Every argument I have heard against this agreement has been a selfish one, not a man who has opposed it has taken broad, public-spirited grounds. The only position taken against the treaty has been: "We will not get as much for what we are selling." I believe that position is absurd.

We have heard for years of the demolition of our forests; we have wondered what we were going to use when the timber supply was exhausted; we are now making long and expensive hauls of timber from the North and from the West. The little difference in duty will not be noticed in the price of lumber and will not be thought of after the agreement has gone into effect.

The reduction of the duty on pulp, which will make newspaper paper cheaper, has been criticized because it has been stated in some quarters that the newspapers were already making more money than they were entitled to. I do not know of any easier way in which I could get rid of my fortune than to establish newspapers in the cities in which I am engaged in business. I believe there is no easier way to close a bank account than to attempt to establish a newspaper. It is a good deal like putting money in a rat hole or a salted mine. I know a man who runs a good newspaper; he has been 10 or 15 years trying to establish it, and I think he has finally got it on a paying basis. I would not go through what he has stood during the past 10 or 15 years if at its end I might have a newspaper with an income of \$1,000 a day.

I heard a Senator say, when I was in Washington, that if he had the power he would make everybody in the United States buy their goods at home and that no foreign goods should be brought into this country at all. I am not in favor of that kind of a wall between this country and the rest of the world. If we sell, we must buy.

This is the greatest Nation on the face of the earth, the greatest country on the globe; our products are more diversified, our vast resources are more nearly inexhaustible, our ability is greater, and we are more skillful than any other people under the sun. Let us establish better trade relations with our neighbors. The wonderful country extending for hundreds and hundreds of miles on the north of us is now our best customer, and instead of trying to find grounds for rejecting an agreement that will bring us closer together, let us open our eyes to see the real and abundant reasons why we should approve of it. We ought to remove every possible barrier for the free interchange of our products with our northern neighbor—Canada—and our southern neighbor—the great Republic of Mexico. Both of these countries are ready to receive the goods we make, are anxious to have them, and I believe making this agreement will result in a tremendously increased trade with Canada.

I hope every Senator will read again the special message of our good President to the Senate and House of Representatives dated January 26. It is one of the most public-spirited, high-minded documents I have ever read, and is in itself sufficient to refute every argument against Canadian reciprocity.

I hope the Senate will approve of our President's action and will, without amendments, vote in favor of the agreement.

Yours, very truly,

J. L. HUDSON.

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DETROIT, MICH., May 20, 1911.

HON. MILTON A. McRAE,  
*1438 Majestic Building, City.*

MY DEAR MR. McRAE: I wish to express to you in behalf of myself and the many others like-minded on the subject of reciprocity with Canada, cordial and sincere thanks for your efforts in its behalf at Washington this week. I am hearing from people all over the State who feel that they are being misrepresented at Washington on this most important matter. For instance, in to-day's mail I received a letter from Hon. H. F. Baker, of Weadock, Mich. Mr. Baker is chairman of the executive committee of the Michigan State Grange, and necessarily as an occupant of that high office in the organization bestowed upon him by popular vote of the members of the grange, it may fairly be assumed represents general grange sentiment. Further, Mr. Baker was the farmers' candidate for speaker of the house of representatives this year and was elected speaker.

I quote the following from Mr. Baker's letter, which is dated Weadock, Mich., May 16, 1911:

I hope you are interesting yourself in behalf of the reciprocity treaty. The Sugar Trust is evidently financing a big "holler" that is being made against it by some dishonest or misguided farmers, and while they may be able to create a false impression in Washington as to the sentiment in Michigan, I hope that those most interested in better trade relations with our Canadian friends will see that the curtain is drawn aside and the purpose of their opposition made public.

When I can be of service in any progressive movement command me.

With best wishes, I am, very truly, yours,

H. F. BAKER.

I may say in conclusion that since it seems to be assumed that those that speak on the subject speak from selfish or personal interests, that I speak both as a farmer and as a manufacturer. I have always been interested in farming, am engaged in practical farming now, am also a member of the Michigan State Grange and of the Associated Farmers' Clubs of Michigan and of several stock-breeders' associations.

Yours, respectfully,

F. F. INGRAM.

**STATEMENT IN WRITING OF WILLIAM HORTON, OF  
HANOVER, N. Y.**

GENTLEMEN: I am a lifelong Republican from the town of Hanover, Chautauqua County, N. Y. Chautauqua County, as you perhaps know, is the banner Republican county of the State of New York. That, however, is not its sole claim to distinction. It is also the leading county of the State in the value of its agricultural lands and products. Its grapes and apples and other products are known throughout the whole country, so that I feel that I represent here one of the most prosperous and substantial agricultural communities in the United States.

I am heartily in favor of the reciprocity bill. In saying this, I speak not only for myself, but for the great majority of my neighbors, who, like myself and our fathers before us, have been and are farmers. I believe that two countries, peopled with the same Anglo-Saxon race, many of them of the same blood, speaking the same language, thinking the same thoughts, and with essentially the same conditions in almost every respect, as is the case with the United States and Canada, should not be separated by any artificial line or barrier, but that there should be the fullest and freest of commercial intercourse between them.

It is quite possible—indeed, I think it likely that some of the counties and States like ours, bordering on Canada, will feel the effects of Canadian competition in the things upon the free list—just as we now in Chautauqua County sometimes feel the competition of Ohio and Michigan in our grape growing or that of Pennsylvania and of neighboring counties in our dairy products. Be that as it may, it seems to me that the only ground to take in this as well as in any other aspect of the tariff question is the greatest good to the greatest number. If the majority of the people of this country are to be benefited by reciprocity with Canada, the farmers in my section are big enough and broad enough to give it their support. We believe that such is the case, and that it will be a great advantage to the country at large to have the closer trade relations with Canada which this measure contemplates, and we therefore hope that the reciprocity bill will be enacted into law.

W. B. HORTON.

**STATEMENT SUBMITTED IN WRITING BY H. R. WILSON, OF  
CLARION, PA.**

*CLARION, PA., May 27, 1911.*

Hon. BOIES PENROSE,  
*Washington, D. C.*

DEAR SENATOR: I herewith inclose an itemized statement of the total production cost and cost per thousand feet, board measure, log run, of the fir and cedar lumber, shingles, and lath, all reduced to board measure, for the 7,000,000 feet of lumber which we have manufactured on our Wagner & Wilson sawmill at Monroe, Wash., from January 1 to May 1, 1911, showing the cost per thousand feet board measure to be \$13.55; our net selling price on it for the same time has been \$13.33, showing a net loss to us of 22 cents per thousand feet.

Mr. George Wagner and I were in the business of manufacturing lumber in Pennsylvania from 1890 to 1906, and from 1906 until the present time we have been engaged in manufacturing fir and cedar lumber and shingles from our own stumpage at Monroe, Wash. We have made no profit in the lumber business in the State of Washington, unless 6 per cent interest annually on one-half million dollars of capital actually invested can be considered as profit. Our sawmill has cost us over \$200,000, and at the end of each year we charge off 10 per cent for its depreciation. I think that our sawmill and lumber is no exception to the general rule, and practically none of the manufacturers of lumber in Washington have made any profit since 1907. Our run-of-log price for the different years have been as follows: 1906, \$16.40; 1907, \$18.22; 1908, \$15.13; 1909, \$14.17; 1910, \$14.62; and for the first four months of 1911, \$13.33, less 2 per cent discount on each year's prices from 1906 to 1911.

The competition between the various woods of the various sections of the United States, together with the high price of labor and all materials we purchase, the high freight rates, and the competition among the manufacturers of lumber, both in Washington and British Columbia, has put the business in such a condition that practically there has been no profit, as within stated, for the past three years; even when the price averaged higher for log run the increased price of labor absorbed what might naturally have been expected as a profit. We employ about 250 men.

Mr. Wagner and I are also interested as stockholders in the Davidson Lumber Co. at Bridgewater, Nova Scotia, in a spruce and hemlock lumber manufacturing business. We find that the price of stumpage is less in Canada than in the United States; the cost of materials (except sawmill machinery), taxes, and labor are less than in the United States. The risk of fire is greater in Washington and the interest charge on stumpage much greater.

With the tariff reduced under the Canadian reciprocity agreement on lumber and shingles, it would probably inure to the benefit of the manufacturers of those products in British Columbia and add to the competition of those engaged in the same business in Washington.

We now own about 100,000,000 feet of stumpage standing in Washington, and from time to time buy more from the adjoining land-owners. The present prices of manufactured lumber in Washington do not justify the price of \$3 per thousand feet, which is now asked by the owners for stumpage.

I remain, very truly, yours,

H. R. WILSON.

*Production costs of Wagner & Wilson sawmill on fir and cedar lumber, shingles, and lath, log run, all reduced to board measure, from Jan. 1 to May 1, 1911, of 7,000,552 feet at Monroe, Wash.*

	Total.	Cost per thousand, board measure.
Sawmill operations .....	\$32,105.50	\$4.5963
Planing-mill operations .....	6,867.16	.9809
Train operations .....	2,725.35	.3472
Railroad operations .....	5,523.30	.7037
Logging operations .....	16,727.30	2.1057
General expense .....	605.30	.0884
Salaries .....	2,080.00	.2971
Taxes, pro rata, 1910 .....	1,383.20	.1976
Interest, pro rata, 1910 .....	650.00	.0871
Discounts, 2 per cent, sales less credits .....	860.30	.1228
Interest on capital pro rata .....	9,120.00	1.3002
Depreciation on plant .....	8,992.26	1.2846
Stumpage .....	7,848.87	1.1212
Insurance, pro rata, 1910 .....	2,227.30	.3187
	97,745.84	13.5495
Net selling price .....		\$13.33
Net loss per thousand .....		.2196
		13.5495

From January 1 to May 1, 1911, there was stocked 7,848,874 feet of logs from the woods to the mill pond, being 848,522 feet more timber logged than sawed. There is at least 15 per cent waste between the log scale and the net amount of lumber log run manufactured from the logs.

**SUBMITTED BY JOHN H. MALIN, INTERNATIONAL PRESIDENT  
PULP AND PAPER MILLS WORKERS, FORT EDWARD, N. Y.**

[Telegram.]

FORT EDWARD, N. Y., *May 25.*

Hon. BOIES PENROSE,

*Chairman Senate Finance Committee, Washington, D. C.:*

Please read to committee and record. The secretary of the Fort Edward Commercial Association denies as absolutely false the statement of John Norris that resolutions favoring reciprocity were passed by that body.

JOHN H. MALIN,

*International President Pulp and Paper Mills Workers.*

**STATEMENTS SUBMITTED IN WRITING BY REPRESENTATIVE  
PETER M. SPEER, OF THE HOUSE OF REPRESENTATIVES.**

WASHINGTON, D. C., *May 4, 1911.*

Hon. BOIES PENROSE,  
*Chairman Committee on Finance,  
United States Senate.*

**MY DEAR SENATOR:** I take the liberty of briefly stating to you some of my thoughts on Canadian reciprocity, which will come before your committee, and eventually before the Senate for action, and particularly as bearing upon the second section of the bill which admits certain paper free.

I favor the general idea of reciprocity with Canada, and voted for the bill in the House for that reason, realizing that the bill was unsatisfactory in many respects, and particularly so as regards the paper schedule in the second section, and hoping that the Senate would amend this section, which we were not permitted to do in the House.

While the provisions of the first section of the bill as to articles to be admitted free, or with reduced duties, are reciprocal in that it provides that the act is not to go into effect until Canada enacts a similar law, yet, as the bill passed the House, this reciprocal provision is not contained in the second section, which is contrary to the fundamental idea of the treaty. This section seems to contain an indefensible discrimination against the manufacturer of the cheaper grades of paper, valued at not more than 4 cents per pound, and it is difficult to see why protection should be taken away from them and not from the manufacturer of the more expensive grades of paper. If this is done, as our paper manufacturers claim, for the benefit of the newspapers, then they say the rate should be fixed at 2½ cents per pound instead of 4 cents, and, as I understand, if such a change could be made, it would greatly decrease the injury to the paper manufacturers of our State. But whether this change be made or not, if the second section is retained in the bill, it certainly should be made reciprocal, and the articles therein mentioned should not be permitted to come into the United States free of duty unless similar articles are allowed to be imported into Canada free of duty and such a provision should be added to section 2. Without such a provision, it is in no sense reciprocity, and our paper manufacturers should at least be allowed the privilege of fighting with the Canadian manufacturer for the Canadian market if they are compelled to fight for our own markets with the Canadian manufacturer.

It would seem that such a provision would not be objectionable to the Canadian Government, as it appears in the letter from the Canadian ministers to the Secretary of State, transmitted with the message of the President, where it provides, in clause 15, that such legislation on the part of the United States may contain a provision that it shall not come into operation until the United States Government



are assured that corresponding legislation has been or will be passed by the Parliament of Canada.

My inexperience in these matters may possibly prevent me from speaking with much authority, but I can not understand why such a provision could not therefore be added to section 2. I can not see why this should be objectionable to Canada, and, while it might not be of much value to our paper manufacturers, at least it would give them an opportunity to fight for their lives. Section 1, under the provisions of the bill, will not become a law until the Canadian Government has passed similar legislation, but the absence of this provision from section 2 makes it a law immediately upon its passage by Congress, and its approval by the President, irrespective of what Canada may do with the treaty.

Surely there is not much reciprocity in that.

Certain of the paper manufacturers of our State have expressed a desire to be heard before your committee, concerning which matter I will see you personally.

I am firmly convinced that some of the changes suggested can be made in this paper schedule without invalidating or defeating the treaty, and in justice to the paper manufacturers of our State, I sincerely feel that something should be done to place them at least on an even footing with their Canadian competitors. I would be glad to take this matter up personally with you, or with any other member of the committee to whom you might refer me, in the hope that some way may be devised to give our paper manufacturers more just treatment than they are receiving the way the bill now stands.

Very truly, yours,

P. M. SPEER.

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WASHINGTON, D. C., *May 24, 1911.*

HON. BOIES PENROSE,  
*United States Senate.*

MY DEAR SENATOR: Replying further to your letter of 10th instant, in which you inquire concerning my constituents who were to appear before the Finance Committee in opposition to the paper schedule of the reciprocity bill, I have a letter from Mr. A. G. Paine to the effect that his son, Mr. A. G. Paine, jr., who is general manager of the New York & Pennsylvania Co., will not be able to appear before the committee, on account of the serious illness of his wife, and inclosing me a printed article written by Mr. Paine, jr., and published in the *American Economist*, which, he states, gives his view of the matter as fully as he could do should he appear in person before the committee.

You possibly have seen this printed article, but may not have observed who the author was, and Mr. Paine asks you to read the same, giving it careful consideration.

Mr. Paine's company has mills of considerable size in both Clinton and Elk Counties, which, he says, will be compelled to close if this schedule is not amended.

I quote from his letter as follows:

Please ask Senator Penrose to do us the favor to read the inclosed article, which contains the absolute truth concerning the conditions in the paper trade, written by Mr. A. G. Paine, jr.

If he were able to appear before the committee his testimony would be exactly what is contained in this communication.

Senator Penrose is aware, I believe, of the large investments we have made in the State of Pennsylvania and the hard work we have done for 20 years to build up a permanent industry in Elk and Clinton Counties. They must be permanently sustained where they are, or abandoned, as they can not be moved to Canada.

To this I may add that, to my mind, the most serious objections to the paper schedule, aside from the fact that it discriminates against the cheaper grades of paper, are these: First, the paper schedule, if this bill passes, will go into effect whether the Canadian Government adopts the reciprocity agreement or not; second, we get nothing whatever in return for giving up our market to the Canadian paper makers, and it would seem but fair that the Canadian Government should be compelled to allow a free market to our paper makers in return for the free market we give to them.

Very truly, yours,

P. M. SPEER.

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[American Economist, Apr. 28, 1911.]

**TRUTH AS TO FREE TRADE IN PAPER—GROSSLY UNFAIR DISADVANTAGES  
OF AMERICAN PRODUCERS IN THE PROPOSED CANADIAN AGREEMENT.**

The paper clause in the "reciprocity" bill has been very cunningly drawn, and we can only infer, by the Canadians or by the newspaper interests. The very object for which the President is working will be defeated if this bill becomes a law. Under this treaty all paper of a value of 4 cents or less at shipping points will come into the United States free if made from wood on which the Canadian Government places no export restrictions. This means that about 90 per cent of paper of all grades manufactured in the United States can be made in Canada and sent into this country free of duty. The present Canadian duty against the United States will remain in force, so that the Canadian can dump his surplus paper into the United States at any price, free of duty, whereas the American manufacturer can not ship his paper into Canada without paying the present Canadian duty, and this Canadian duty will be maintained until the United States permits paper made from Crown land woods, which woods can not be exported, to come in free of duty.

**DRAW THEIR SUPPLY FROM CANADA.**

It is a well-known fact that a large number of American mills south of the Canadian border draw their supply of wood from Canada. The only wood they can obtain is the wood the exportation of which is not prohibited by the Canadian Government or its Provinces. What will be the result under this treaty? The Canadians will use Crown land wood for paper which is to be sold in Canada. They will have no American competition for this Crown land wood, since this wood can not be brought into the United States. For paper which the Canadian proposes to export he will use freehold wood, thus competing with the American, who can only buy freehold wood. The effect will be immediate, and will result in an advanced price for

freehold wood; consequently the American will get less freehold wood than he is now getting, and what he does get will cost him more money. No inducement is offered to the Canadian to remove the present restrictions or prohibitions on the exportation of Crown land woods. In fact, there is every inducement to the Canadian to maintain the prohibitions, inasmuch as so long as the prohibitions continue the present Canadian tariff on paper is maintained, and retaliation on the part of the American manufacturer prevented. This is not reciprocity. It means an open market for the Canadian and a closed market for the American so far as paper and pulps are concerned.

#### UNFAIR DISCRIMINATION IN TARIFF DUTIES.

The following table shows the tariff to the United States and to Canada on a few of the principal items used in the manufacture of book papers and similar grades:

	Duty into Canada.	Duty into United States.
China clay.....	Free.....	\$2.50 per ton.
Chloride of lime.....	do.....	½ cent per pound.
Feltings:		
Great Britain.....	30 per cent.....	44 cents per pound and 55 per cent.
Others.....	35 per cent.....	
Alum:		
Great Britain.....	Free.....	½ cent per pound.
Others.....	10 per cent.....	
Copper wire:		
Great Britain.....	17½ per cent.....	45 per cent.
France.....	22½ per cent.....	
Others.....	25 per cent.....	
Aniline dyes.....	Free.....	30 per cent.
Ultramarine.....	do.....	3 cents per pound.

Taking the consumption of the above-mentioned materials for one company now operating in the United States, a company with the same output in Canada would have the following advantages over the American mill per annum:

	Canada.	United States.	Canadian advantage.
English china clay.....	Free.....	\$2.50 per ton.....	\$75,000
Bleaching powder.....	do.....	½ cent per pound.....	70,000
Alum.....	do.....	½ cent per pound.....	21,000
Copper wire cloth.....	17½ per cent.....	45 per cent.....	18,000
Aniline dyes.....	Free.....	30 per cent.....	5,000
Ultramarine.....	do.....	3 cents per pound.....	
Paper makers' feltings and jacketings.	30 per cent.....	44 cents per pound and 55 per cent.	1 35,000
Canadian advantage of a year.			224,000

<sup>1</sup> About.

It will therefore be seen that on the few articles enumerated the Canadian mill has an advantage of \$224,000 per year over the American mill operating under our present tariffs, and this does not include the saving derived from cheaper wood and water power.

It is a self-evident fact that instead of this treaty resulting in the conservation of our forests, it will have just the reverse effect. The

American mills who are now engaged in conserving their woodlands at a heavy annual expense to themselves will be forced to abandon this policy and to turn their wood into money as cheaply and quickly as possible.

The object of this bill is to reduce the cost of news-print paper to the newspapers. There is no disguising the fact that this is the object of the paper clause. The majority of American mills do not make news-print paper, yet it is proposed to sacrifice them and the balance of the industry to satisfy the greed of the millionaire newspaper clique.

#### NO REASON TO ADMIT CHEAPER GRADES FREE.

News paper to-day has a value of from 2 cents to 2.10 cents at the American mill; therefore there is no rhyme or reason why all paper of a value of 4 cents or less at the Canadian mill should be admitted free. There are over \$200,000,000 invested in mills making book and similar grades alone. These mills are operated with American capital by American workmen with American ideas. We have a population of 92,000,000; Canada, a population of something less than 8,000,000; yet it is proposed to remove our industry from the United States to Canada and to wipe out the plants that are now operating here. There are many millionaire newspaper owners; there are but two or three paper manufacturers in the United States who have individually made a million dollars in the paper business, and they get from 18 cents to \$1 per pound for the paper they turn out and are absolutely protected under this treaty.

#### PRICE OF PRINT PAPER VERY LOW.

The price of news-print paper has steadily fallen, with the exception of instances during the few brief periods of great prosperity, from 30 cents per pound down to 2½ cents delivered, and on book paper from 40 cents per pound down to 3.4 cents at the mill. The paper in an ordinary novel which sells at from 75 cents to \$1 costs less than 4 cents. Is this a tax on knowledge? The imports of news-print paper from Canada have trebled under the Payne tariff, and importations of other kinds of paper and pulps have increased enormously. The American industry has already begun to retrograde. Many pulp mills and some paper mills are running only part time for lack of orders, and many new projects have been abandoned.

#### BY WHOM BOGUS RECIPROCITY IS BEING FOSTERED.

The American people should understand that this reciprocity agreement is being fostered in every way possible by the publishers of newspapers and by some magazines because it gives them free paper. The clique, one of the greatest trusts in existence to-day, is sending out to all newspapers in the country arguments in favor of it. The facts are not printed. The destruction of the paper industry in this country is the price paid for newspaper support of "reciprocity."

To sum up, how will the American paper manufacturer stand if this treaty is consummated with Canada? Those mills which secure their wood from Canada at the present time must pay a higher price

for that wood; those who own their own wood lands can not afford the heavy expense incident to conservation. They must cut their wood; they must sacrifice their forests to meet Canadian competition. Even if this policy is followed their wood will cost them about double what the Canadian pays.

#### CANADIANS ARE WELL PROTECTED.

The Canadian is absolutely protected by his tariff in Canada. Canadian paper will be free into the United States so long as the Canadian prohibits the exportation of Crown land wood. Under these conditions does it seem reasonable that he will withdraw his prohibition? Owing to the lower tariff between Canada and Great Britain a Canadian can secure his chemicals and materials at a lower price than the American, which in itself is a profit. His labor as a whole is cheaper. He has practically every advantage against the American, and no disadvantage except the difference in freight on his manufactured product, and this difference is too slight to be embarrassing.

#### HANG THE PRISONER WHILE THE JURY IS OUT.

The Tariff Board, which has been making a thorough investigation of the manufacturing costs in Canada and the United States, has not made its final report. So far its investigations have been confined to the news-print branch of the industry, and it has not even completed the investigation of that branch. It has submitted some preliminary reports on the news-print industry alone. These preliminary reports show that the difference between the American cost and the Canadian cost on news-print paper is in favor of the Canadian manufacturer and greater than the rates charged under the present Payne tariff. Our Government established a Tariff Board for the purpose of learning the truth. It is now proposed to make this agreement with Canada before the Tariff Board has made its final report. In short, it is an attempt to hang the prisoner while the jury is out.

#### A REAL ATTEMPT TO CONSERVE OUR FORESTS.

Paper making is one of the great industries of the United States, employing about \$400,000,000 worth of capital; 787 mills in 30 States produce annually 5,000,000 tons of paper, valued at more than \$300,000,000. The annual consumption of wood in the United States for paper making is less than 2 per cent of the total cut of wood for all purposes. It, therefore, can not be said that the American paper maker plays an important part in the destruction of our forests. He belongs to the one industry that is making a real attempt to conserve its timberlands in order to continue its business. Never in the history of this country has there been a more flagrant attempt to sacrifice an industry on which many thousands of our citizens are dependent for the benefit of a newspaper clique.

A. G. PAINE, Jr.

**STATEMENT OF THE KENMORE PULP & PAPER CO., SUBMITTED  
IN WRITING.**

**KENMORE PULP & PAPER Co.,**  
*Philadelphia.*

First. That the present duties be retained until all pulp wood is admitted free, without any restrictions, from the entire Dominion of Canada, both from Crown and freehold lands.

Second. That paper over  $2\frac{1}{2}$  cents per pound be excluded from the provisions of this act.

**SENATOR FRYE'S AMENDMENT.**

The amendment proposed by me will leave on the free list all paper below  $2\frac{1}{2}$  cents per pound, which covers all news paper used in this country and some other classes of paper representing an annual amount of over 1,500,000 tons, with a valuation of over \$60,000,000, and also leaves ground-wood pulp on the free list. It strikes out from the McCall bill, as reported, chemical pulps and reduces the limit of 4 cents or less per pound to  $2\frac{1}{2}$  cents per pound. The increase of importation of chemical pulp has been 500 per cent within two years under the present duty. As a result, American mills are closing down.

This amendment, if made to the bill, will leave upon the dutiable list 3,500,000 tons of paper valued at \$250,000,000 to \$255,000,000, ranging in price from  $2\frac{1}{2}$  cents to 4 cents per pound.

Without the adoption of this amendment, the McCall bill, if passed, will make it impossible for the manufacturer of book paper in the United States to continue in competition with Canadian mills. The advantage possessed by the Canadian mills in the one item of wood is over \$10 per ton. The cost of wood to the American mills averages over \$10 per cord, and that to the Canadian mills about \$5 per cord. It takes two cords of wood to make a ton of book paper, and that answers the question without further debate. The use of clay is a large item of expense in manufacturing book paper. English clay is universally used in book paper manufacturing in the United States and Canada. We pay \$2.50 per ton duty upon all clay coming into the United States. Canada has it free.

Mr. Mann's report (p. 3317) finds that there is \$2 per ton difference between the cost of manufacturing news-print paper in Canada and the United States, exclusive of difference in cost of wood. Woolen felts, cotton felts, and wire cloth, and all the materials used in the manufacture of paper in the United States are subject to duties very much in excess of those charged by the Canadian Government upon like articles. \* \* \*

In all fairness to this great manufacturing industry it should at least have a protection that will enable it to continue in business. The duty on paper valued above  $2\frac{1}{2}$  cents per pound and not above 4 cents per pound, five-tenths of 1 cent per pound or \$10 per ton, or

12½ per cent duty upon paper selling at \$8 per ton, does not begin to cover the difference of cost of production between the United States and Canada, taking into consideration the cost of materials used in the manufacture of this class of paper.

If my amendment is not accepted, you will place upon the free list an additional amount of 2,000,000 tons of paper valued at about \$130,000,000. In other words, in paper alone this bill calls for the placing upon the free list of over 3,000,000 tons of paper valued at nearly \$200,000,000 yearly, or three-fourths of the annual tonnage of all kinds of paper made in the United States.

It seems very clear that in the Canadian reciprocity bill the Canadians propose to transfer the paper-making industry from this country to Canada, which they undoubtedly can do with the tremendous spruce forests and very cheap water power that they have. It should be borne in mind that the free importation of wood benefits only those mills that are immediately adjacent to the Canadian line. In Pennsylvania there is only one mill that receives any Canadian wood; that is the New York & Pennsylvania Co., at Johnsonburg. Of those in New York State, some do and some do not; the larger ones, however, are favored, but the rest of the mills in Pennsylvania, Delaware, West Virginia, and sections adjacent thereto would receive no benefit from this, as the freight rates are so high that they could not afford to use it.

If the paper clause in the bill can not be struck out altogether and the manufacturers of paper have to be sacrificed on the altar of political expediency to satisfy the unfair demand of the newspapers, then I would suggest the bill be amended in the following particulars:

First. That the present duties be retained until we can get pulp wood in free, without any restrictions, from the entire Dominion of Canada.

Second. That paper over 2½ cents also be excluded.

This amendment would leave on the free list all paper below 2½ cents per pound, which covers all news paper used in this country and some other classes of paper, representing an annual amount of over 1,500,000 tons, to the value of over \$60,000,000, and also leaves ground-wood pulp on the free list. It reduces from the bill the limit from 4 cents or less per pound to 2½ cents per pound.

*Canadian and United States tariffs.*

Articles.	Canadian tariff item No.	Duty into Canada.	United States tariff item No.	Duty into United States.
China clay.....	295	Free.....	90	\$2.50 per ton.
Chloride of lime.....	208	do.....	8	½ cent per pound.
Feltings:				
Great Britain.....	567	30 per cent.....		44 cents per pound and
Others.....		35 per cent.....		
Alum:				
Great Britain.....	212	Free.....	4	½ cent per pound.
Others.....		10 per cent.....		
Copper-wire cloth:				
Great Britain.....	418	17½ per cent.....	199	45 per cent.
France.....		22½ per cent.....		
Others.....		25 per cent.....		
Aniline dyes.....	203	Free.....	15	30 per cent.
Ultramarine.....	240	do.....	50	3 cents per pound.

MARCH 28, 1911.

HON. PETER M. SPEER, *Oil City, Pa.*

MY DEAR MR. SPEER: I have just returned from a trip to Canada, which will explain my delay in replying to your letters of March 11. My interest and that of my company in the reciprocity measure is chiefly confined to the upper clause, which should either be eliminated altogether or considerably modified, unless the United States is determined to strike a fatal blow against our industry. The paper clause has been very cunningly drawn, and I can only infer, by the Canadians; the very object for which the President is working will be defeated if this bill becomes a law. I inclose herewith a table which shows the quantity of paper and pulp manufactured in the United States, the present duty, and the proposed reciprocal (?) rate with Canada. These figures show the magnitude of the business in the United States. Under this treaty all paper of a value of 4 cents or less at shipping point will come into the United States free if made from wood on which the Canadian Government places no export restrictions. This means that over 90 per cent of paper of all grades manufactured in the United States can be made in Canada and sent into this country free of duty. The present Canadian duty against the United States remains in force, so that the Canadian can dump his surplus paper in the United States at any price free of duty, whereas the American manufacturer can not ship his paper into Canada without paying the present duty; and the Canadian duty remains in force until the United States permits paper made from Crown-land woods, where the wood can not be exported, to come in free of duty.

Now, it is a well-known fact that a number of American mills draw their supply of wood from Canada. The only wood they can get is the wood the exportation of which is not prohibited by the Canadian Government. What will be the result under this treaty? The Canadians will get the Crown-land wood for paper which is to be used in Canada, and they will get the freehold wood for paper which is to come into the United States, thus competing with the American manufacturer who must buy his wood in Canada, as his purchases must be confined to freehold wood. Canada, on the other hand, can import its English China clay from England free of duty; the American must pay \$2.50 per ton. Bleaching powder is free into Canada from Great Britain; the American must pay one-fifth cent per pound. Alum is free into Canada; there is one-fourth cent per pound duty here. The Canadian paper manufacturer pays 17½ per cent duty on wire cloth; the American 45 per cent. All colors come into Canada free; the American must pay 30 per cent and 3 cents per pound. Papermakers' feltings and jacketings pay 30 per cent duty into Canada; into the United States 44 cents per pound and 55 per cent.

On a 100-ton daily capacity mill, such as we have in your district at Johnsonburg, Pa., the difference in duties per year on the above-mentioned articles amounts to \$66,000; in other words, we pay a duty tax of \$66,000 more than the Canadian for the same quantity, and our wood costs just twice what the Canadian pays. His home market for paper is protected; he can dump his surplus into the United States; he has every advantage under this treaty; we are at every



disadvantage. Instead of this treaty resulting in the conservation of our forests it will have just the reverse effect, because, as I have stated before in this letter, competition for freehold wood will be very greatly increased, inasmuch as the Canadian must make his paper out of freehold wood to secure its admission free into this country. This will put up the price of wood to the American manufacturer and render him still less able to compete with free paper from Canada. My company and other paper companies in which we are interested own their own forest lands, which they are conserving for reproduction; this treaty will force them to abandon this conservation policy and compel them to cut their wood as quickly as possible and turn it into money.

The object of this bill is to reduce the cost of news-print paper to the newspapers; there is no disguising this fact; that is the object of the paper clause. We do not make a pound of news-print paper at Johnsonburg; we make only book paper and similar grades. News paper to-day has a value of about 2 cents to 2.10 cents at the American mill; therefore, there is no rhyme or reason why all paper of a value of 4 cents or less at the Canadian mill should be admitted free. If the American news-paper mills must be sacrificed for the benefit of the newspapers, who use only news print, why is it necessary to sacrifice book-paper mills, wrapping-paper mills, and mills making other grades of paper which have a greater value than news print, but a less value than 4 cents at their shipping point?

You are in duty bound to protect our industry; we are not selfish enough to advise you to sacrifice the news industry and protect the book, but we do ask you to protect the book, and you can protect the book by reducing the valuation to read  $2\frac{1}{2}$  cents at shipping point instead of 4 cents. There are over \$200,000,000 invested in mills making book paper and similar grades in this country; many thousands of workmen are employed, at good wages; these mills are operated with American capital by American workmen with American ideas. We have a population of 92,000,000, Canada a population of 7,300,000, yet it is proposed to move our industry from the United States to Canada and to wipe out the plants that are now operating here. There are many millionaire newspaper owners; there is not one paper manufacturer in the United States who has individually made a million dollars in the paper business, except, possibly, the Hon. Murray Crane and one or two others we might mention, who get from 18 cents to \$1 per pound for the paper they turn out, and who are absolutely protected under this treaty. Bear in mind that this treaty encourages Canada to restrict the exportation of wood, instead of encouraging it. The price of news-print paper has steadily fallen, with the exception of instances during the few brief periods of great prosperity, from 30 cents per pound down to  $2\frac{1}{2}$  cents delivered, and on book paper from 40 cents per pound down to 3.4 cents at the mill. The paper in an ordinary novel which sells from 50 cents to \$1 costs less than 4 cents. Is this a tax on knowledge?

The newspapers are busy printing false statements in reference to our industry; it is alleged that there is a Paper Trust in existence that controls the price of paper. This is absolutely false. The only record against the paper industry as a whole is that of a small number of poor, insignificant wrapping-paper mills, who competed for

years with each other until they were nearly ruined, and then they formed an illegal combination and moved up the price. They were investigated by the Government and convicted. This is the foundation for the alleged statement that there is a Paper Trust. Our company, and all the other companies in which we are interested, are absolutely independent, and we demand that either we receive protection or that the rates of duty on all materials we use shall at least be put on a par with the Canadians. How do we stand with the Canadians with cheap water power, cheap wood, lower duties, and only slightly higher freight rates?

We own enough wood standing on our lands to-day to supply all the mills in which I am interested indefinitely if we follow our present conservation plan. I therefore suggest that you adopt one of the following propositions:

First. Eliminate the paper clause altogether from the treaty.

Second. If this can not be accomplished, then make the free entry of paper into the United States conditional upon Canada removing the restrictions upon the exportation of its wood in all the Provinces, so that as long as one Province restricts or prohibits the exportation of its wood the present duties are to be maintained. This will force Canada to release all its wood before it can get the free entry of paper into this country.

Third. As a last resort, reduce the valuation from 4 cents to 2½ cents. This will let in all the news paper free that is made from freehold wood, which will satisfy the news and still yield some protection to mills making book paper, wrapping paper, and similar grades, who should not have been drawn into this controversy at all. Let ground wood, the chief ingredient of news-print paper, come in free, but maintain the present small duties on sulphite and soda pulp.

In conclusion, I beg to say that if you will carefully peruse the paper clause, you will find that every statement contained in this letter is borne out by the facts.

Please let me hear from you.

Very truly, yours,

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**STATEMENT SUBMITTED IN WRITING BY C. H. McLAUGHLIN,  
OF BUFFALO, N. Y.**

**BUFFALO, N. Y., May 22, 1911.**

**HON. BOIES PENROSE,**

*Chairman Finance Committee, United States Senate.*

**MY DEAR SENATOR:** I have read with much interest the arguments advanced by the representatives of the Northwest against the measure now before the Senate ratifying the agreement recently negotiated with Canada. As my opinions are so contrary to those expressed, I have taken the liberty to prepare a brief reply, and I trust you will give it consideration.

I have been consistently advocating an arrangement with Canada along the lines of the agreement tentatively entered into for many years, and believe if this agreement is made effective our trade will increase far beyond our expectations and lead to further concessions that would be most profitable to both countries.

Very respectfully, yours,

**C. H. McLAUGHLIN.**

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**BRIEF.**

The opposition to the proposed reciprocal agreement with Canada have strenuously urged before your committee that the legislation should be defeated because any departure from our heretofore protective tariff policy will create competition that will be ruinous to their industry and deprive them of the home market "protection" has created. They insist that having profited by the imposition of prohibitive taxes upon their products they should not be discriminated against, either in favor of those engaged in similar pursuits in Canada or of other industries of this country on whose commodities the tariff is not removed or lowered as to invite Canadian competition.

This is neither the time nor the place to discuss the merits or demerits of the theory of a high-protective tariff; but it is pertinent to inquire whether the conclusion reached by the opponents to the measure are real or imaginary. The free admission of Canadian wheat and barley will undoubtedly cause some readjustment of prices; but whatever fluctuations may take place, the effect will be no more serious or cause any greater disturbance in values than ordinarily occur from one crop season with another, or that has taken place by the increased production in States formerly unoccupied and undeveloped agriculturally.

The increase in production and domestic consumption of wheat will be noted from the following table, flour being included and reduced to wheat bushels in the consumption :

Years.	Wheat production.	Wheat consumption.	Consumption per capita.
			<i>Bushels.</i>
1880.....	448,757,000	268,452,000	5.35
1890.....	490,590,000	331,130,000	6.09
1900.....	547,304,000	361,230,000	4.74
1909.....	664,602,000	550,787,000	6.24

In 1880, it will be noted, 59 per cent of our production was consumed at home, and in 1909, 82 per cent. This is reflected in the decrease of our exports of breadstuffs, which constituted 32 per cent of our total exports in 1880 and less than 10 per cent in 1909. The growth and expansion of our country in this period accounts for the changed condition.

Prior to 1880 grain was largely produced in the States east of the Mississippi River, the Dakotas, Iowa, Nebraska, and Montana bearing much the same relation to the then grain-producing States as do Saskatchewan and Alberta to this country to-day. Table 2 shows the total production of wheat in the years named and the proportion grown in the principal wheat-growing States—Ohio, Michigan, Indiana, Illinois, Minnesota, North and South Dakota, Iowa, Nebraska, Missouri, and Kansas.

TABLE 2.

Years.	Total production.	Production in States named.	Per cent of whole.	Average value per bushel.
				<i>Cents.</i>
1900.....	522,230,000	314,894,000	60	72.3
1905.....	693,000,000	521,450,000	75	82.3
1910.....	695,443,000	438,024,000	62	102.4

So that the wheat producers of Minnesota and the Dakotas have not been seriously injured by the competition from Montana, Oregon, Oklahoma, Indian Territory, Texas, and other Western States, not becoming important wheat-growing sections. In the absence of a protective tariff, not only has the production increased, but the value as well, even though the surplus States decreased relatively.

But it is urged that the farmer of Minnesota can not compete with the Canadian because of the latter's cheaper farm lands and lower-priced labor, and therefore the American needs protection against the difference in the cost of production. According to a report issued by the Department of Agriculture, it cost 61 cents per bushel to produce wheat in Minnesota in 1909 and 62 cents in the Dakotas, while in Montana but 44 cents. The Minnesota and Dakota farmer suffered no loss—rather enjoyed a distinct gain in marketing his crop of that year, even with 18 cents a bushel against him; nor was the Ohio farmer any more affected because it cost him 79 cents per bushel to produce his wheat and sell it in competition with Minnesota, or with Kansas, where it cost 63 cents.

Table 3 shows the cost of producing wheat, including rent or interest on land value, in the States named in 1909 and the average farm value per bushel:

TABLE 3.

States.	Cost.	Value.
Montana.....	\$0.44	\$0.87
Dakotas.....	.62	.96
Minnesota.....	.61	.90
Iowa.....	.62	.94
Nebraska.....	.55	.88
Wyoming.....	.50	1.00
Oklahoma.....	.60	.90
Kansas.....	.63	.92
Texas.....	.60	.90
Ohio.....	.79	.99

The difference in cost of production in the several States is due to the variation in cost of labor, marketing, interest on land value, fertility of soil, etc., and which are claimed to be the factors with which American farmers can not compete, while the variation in value is due to the quality of wheat for milling purposes.

The cost of Canadian wheat will not fall much below 45 cents per bushel, and these low figures only in the newer sections where virgin soil is being turned over. It is therefore evident that the cost of production is not the controlling factor in fixing prices of grain, as obtains in manufactured articles. So that the effect of the free admission of Canadian wheat on prices or production in this country is more fanciful than real.

There is, however, a decided advantage to be gained under the agreement proposed, in which the farmer shares almost equally with the miller.

Our exports of wheat and flour have seriously declined, while exports from Canada, Australia, Argentina, and other wheat-producing countries have materially increased. Our losses in exports of wheat and flour to the United Kingdom and France may be directly traceable to the increase of Canada's exports of wheat to those countries. Its wheat has developed the manufacture of flour in those countries and thereby curtailed the demand for our flour. The millers are the consumers of American wheat. Their capacities to manufacture far exceed domestic consumption; their prosperity by selling their surplus abroad will affect favorably American prices; making available the Canadian grain for milling purposes will therefore encourage production here as well as to stimulate prices of our and Canadian wheat.

As further evidencing our contention that the tariff does not influence prices, the statements of all the witnesses against the bill were to the effect that 10 cents per bushel was about the largest spread between prices of Canadian and American wheat, and that not infrequently the price of Canadian wheat has been higher than ours. With a tax of 20 or 25 cents per bushel the spread would have been greater, if the tariff was a controlling element in fixing prices. Nor need we fear Canada's lower cost of production when its prices are equal to or higher than ours.

The free admission of Canadian barley has also been condemned. Witnesses have stated enormous losses would fall upon the farmers of the barley-producing States if they had to sell in our markets in competition with that grown in Canada. Their fear in this regard is even more unnecessary than as to wheat.

Prior to 1880 the bulk of the barley grown in the United States was produced in the States of New York, New Hampshire, Maine, Pennsylvania, Ohio, and Michigan. Since 1890, when the prohibitive tax of 30 cents a bushel was imposed, its production decreased in the East, and the States of Wisconsin, Minnesota, North and South Dakota, and Iowa became and now are the principal barley-growing States. Montana should now be included in the group, and reference should be made also to California, because of its large production of a very superior grade.

The effect of the prohibitive tax, however, was not to make barley grow in the five States named, but to ruin the malt industry in New York. Barley was grown in the Northwest because the climate was suitable and because this grain was found essential in the rotation of crops to replenish or preserve the fertility of the soil, and these conditions obtain to this day.

It is true that prior to 1890 barley was imported from Canada, largely from Quebec and Ontario because of their superior quality for malting purposes, our imports being as follows:

Years.	Quantity.	Rate.
	<i>Bushels.</i>	<i>Cents.</i>
1880.....	7,000,000	15
1890.....	11,000,000	10
1900.....	161,000	30
1905.....	11,815	30
1909.....	2,420	30

In the same years our crop aggregated, with average farm value—

Years.	Crop.	Average farm value.
	<i>Bushels.</i>	<i>Cents.</i>
1880.....	45,165,000	66.6
1890.....	67,165,000	62.7
1900.....	58,925,000	40.8
1905.....	136,651,000	40.8
1909.....	170,284,000	55.2

The increased production of barley in the Northwestern States since 1900 has not been due to the increased demand for this grain for malting purposes; the cereal has been found to be a most profitable one for feeding purposes and is largely consumed on the farm. In 1900, with a crop of 59,000,000 bushels, about 66 per cent was used in the manufacture of malt; while in 1909, with a crop of 170,000,000 bushels, only about 40 per cent was consumed for malting purposes.

Because the quality of barley grown in this country has been deteriorating, and in spite of the efforts of agricultural specialists to

develop a higher grade for malting purposes, the quantity of a suitable grade to be malted has been growing less each year, the result being that such as is available at the end of the crop year commands excessively high prices. Mr. Twitchell was quite right when he said: "There is no chance of barley ever being worth a dollar permanently in the United States, because it is an unusual condition and we will stop raising wheat at that price." Mr. Twitchell, Mr. Wilkinson, and others, however, draw even a more erroneous conclusion as to the effect free Canadian barley would have on the production and price of this cereal in the United States.

The production of barley in Canada increased from 20,322,000 bushels in 1900 to 48,810,000 in 1909. In 1900 Ontario supplied 80 per cent of the aggregate, and 38 per cent in 1909. Ontario and Quebec, as previously stated, grow a very superior grade of barley, and our source of barley for malting purposes would be from these Provinces and not from Manitoba, Saskatchewan, and Alberta, for Mr. Mauff correctly says their barley is not suitable for malting purposes.

The average farm price of barley in 1910 in the barley-producing States was 57.5 cents per bushel, while in the same year in the Provinces of Ontario and Quebec its farm price was 62.3 cents per bushel.

The northwestern farmer has, therefore, no cause for fear that Canadian malting barley will conflict with his product of similar grade or suitable to be blended with it; nor need he fear that the inferior grades of Manitoba and other northwestern Provinces will impair, much less destroy, his market, because, notwithstanding Canada's increased production in this cereal, her exports do not exceed 2,000,000 bushels.

Conditions in both countries as to distribution and consumption of this cereal are identical. The admission of Canadian barley will be localized for malting purposes only and limited to the requirements of the industry for the shortage of barley grown in this country of a grade suitable for this purpose.

The argument that the tariff has been instrumental in developing or encouraging the production of barley is too fallacious to demand an extensive reply. The American farmer has always had the market and will continue to have even with Canadian barley free. Mr. Twitchell stated because of the 30-cent tax the five barley States "have been able to raise 120,000,000 bushels," and then his conscience troubled him and he was compelled to say, "I want to be fair; on account of the drought the barley farmer has been able to get along at the tail end of the crop with approximately the difference in the tariff, about 27 cents" As affecting price, in the final analysis the "drought" or some other unusual condition will always be feared to be the direct contributory cause for the favorable result.

As bearing upon the farmer's interest in reciprocity with Canada, he has so far overlooked the Canadian market for his corn. In 1897 we sold to Canada for domestic consumption 2,369,700 bushels of this grain, which was increased to 10,000,000 in 1907, decreasing to 6,179,000 bushels in 1910. Canada is our second best customer for this important grain. The increased production of corn in the Northwest and the growing market across the border should compensate for any small loss, if any, on account of the admission of barley.

The agreement with Canada now before the Senate deserves a broader consideration than a mere discussion of tariff legislation; it is not a revision of the tariff in the ordinary acceptance of the term. Canada is our second best customer; our continued supremacy in the market is in the balance. The measure now before you demands that we be actuated only by the highest patriotic motives to conserve the welfare of the two countries in the determination of our decision. This should be speedily made, so as not to place in jeopardy the consummation of so desirable an arrangement to more firmly cement the relations established a century ago.

C. H. McLAUGHLIN.



**SUPPLEMENTAL STATEMENT, IN WRITING, BY ARTHUR C.  
HASTINGS, OF NEW YORK.**

**AMERICAN PAPER AND PULP ASSOCIATION,  
50 CHURCH STREET,  
New York, June 3, 1911.**

**CHAIRMAN SENATE FINANCE COMMITTEE,  
Washington, D. C.**

DEAR SIR: By permission of your honorable committee, I desire on behalf of the American paper manufacturers, to file a categorical answer to some of the statements made at your present hearings by the chairman of the paper committee of the American Newspaper Publishers' Association.

Referring to news-print combination, and giving a list of some 24 mills which organized under the General Paper Co., this company, in March, 1906, was dissolved by order of the United States Supreme Court, and they were prohibited, under the decree, from further participating in such a combination, and, to my certain knowledge, there has been no combination since that time.

The fiber and manila pool and the box-board pool, so-called, were dissolved and the members fined, and there is no combination among these manufacturers to my knowledge.

Under the box-board pool there were some several thousand dollars held up by order of the court until a decision was rendered as to whether the money belonged to the members or to Mr. John H. Parks, who was in charge of the pool. It has lately been decided that this fund belonged to the manufacturers, and I understand it is being divided.

The sulphite pulp pool was dissolved before any action was taken by the Government against the two former pools, and no action was taken against them.

Claims that a combination had been effected to restrict the production of paper by almost every one division of the American Paper & Pulp Association is not correct, and there is no basis for it. Just because of information which the Newspaper Publishers' Association claimed was given to the Attorney General in 1907 it does not mean that such a combination actually existed, and apparently, from investigations which have been made, no basis has been found by the Government for it.

**RESTRICTION OF PRODUCTION.**

The paper manufacturers are no differently situated than any other large manufacturing industry; supply and demand also govern manufacturing conditions aside from natural conditions, which are due to water power and interruptions in the manufacturing due to strikes or breakdowns.

## REFUSAL TO ALLOW AN OPEN MARKET FOR PAPER.

There has been no attempt to starve the market, and consideration must be given to the fact that the personality of the buyer has a great deal to do with quotations made, and because a representative of the Publishers' Association may seek to break the market, through concerted efforts of the buyer, it would naturally not lead to the active cooperation of the seller.

Surely the manufacturers of paper have not combined to sell their goods, but the purchaser has to buy his material and effect market conditions.

The claim of the publishers is that they want a uniform price for paper, and our endeavors are to so know conditions in the paper business that this may be brought about as far as is practical.

Claims as to uniform advances in the prices of paper, as taken from trade journals, are not borne out by facts as to prices secured by individual publishers.

As to the claim made that the western mills have a traffic bureau, this is apparently for the more economical conduct of their business, and no doubt to the benefit of the buyer from the fact that more advantageous freight rates may be secured, and saving in office expenses of each individual mill.

This association does collect statistics of paper manufactured and paper shipped, which shows tons on hand at the end of each month; advice has been given, but in quite a general way and publicly, as to the impossibility of forcing upon a market something which it would not absorb. A buyer could at any time during the period of low demand buy all the paper he wanted to and store it. Their claim that the manufacturers should carry paper on hand for future needs at their expense, to be used when this supply should be excessive and used in turn to demoralize the market, is ridiculous.

The claim that paper is being sold abroad at a much less price than at home has not been proved, and I do not believe it is done.

If the contentions of the Publishers' Association were true, the difference in cost to manufacture in Canada and here is so much less than the duty that they could still afford to pay the duty into the United States from Canada, and thus preserve to the Government an income.

The familiarity of the Publishers' Association with the Canadian situation, since the time of the Mann investigating committee, would appear to mean that they have been very prominent in proposed negotiations with Canada, which has, in a large measure, brought about present conditions as to the attitude of the Canadian Government and Provinces.

The increased importations of raw material for paper-making purposes is an additional argument why the duty should be retained or increased on wood pulps. Because of these enormous importations mills in the United States have been unable to run their plants their full capacity, and the fact that Canada is able to deliver in here at a less price than the Americans can manufacture for, proves the fact.

As to the supply of pulp wood in various parts of the Union, our information is surely as accurate as any that is accessible, for it is taken from the Government reports to a large extent.

A careful investigation made by this association absolutely disproves the statement made by Mr. John Norris and others, that unless the Province of Quebec withdraws its restrictions upon the exportation of Crown-land pulp wood the United States print-paper mills will be unable to obtain their supply of pulp wood at reasonable prices.

By contrasting the vast forest domain of Quebec Crown lands with the amount of private lands, Mr. Norris makes it appear that the latter is insignificant, whereas the practical question is not "How large a territory are we shut out from, but is the territory to which we still have access ample?" We are convinced that it is, at least for a good many years to come, and that during this period, which we can regard as protected with certainty, there can and will be a readjustment of the industry which will not occasion the shock or disastrous results that would be sure to follow any further reduction in the tariff on paper. We can surely get all the wood we require at reasonable prices for 10 years, and if Quebec persists in its policy of restriction during that period, naturally all mills, both old and new, will take that restriction into consideration in their plans.

The so-called private productive timberlands in Quebec amount to at least 5,000,000 acres. These should provide 20,000,000 cords. As we import less than a million cords annually from all Canadian sources, this one source affords 20 years' supply. In addition, there is an area of 650,000 acres granted as railway subsidies, which have been very little exploited, but from which pulp wood is or will be available for export. The restriction as to export does not apply to these grants.

The island of Anticosti, at the mouth of the St. Lawrence River, is said to comprise about 3,000,000 acres, mostly of virgin spruce timberland. This island is 150 miles long, about three times the area of our Long Island. It is owned in fee by Mr. Menier, of France, and preparations for cutting wood pulp on a large scale are now being made. It is the expectation that 40,000 cords will be cut this year, and that the annual output can be and will be increased, as fast as the market demands, up to 100,000 cords a year. Thus, from this new source alone almost the equivalent of Crown-land wood now used by us may be obtained. The island is claimed by its owner's agent to contain 30,000,000 cords of pulp wood. This is not subject to the Quebec restriction, nor is this area a part of the 5,000,000 acres of private lands already referred to. On the south shore of the lower St. Lawrence are extensive tracts of timberlands owned in fee which have never been operated for pulp wood. There is not the slightest question but that the withdrawal of Crown-land wood will stimulate the production of pulp wood on many acres of private lands not yet operated for pulp wood. At present the market is glutted, and almost every day offers of wood from new sources are received by our mills.

We repeat, that in our opinion there is not the shadow of a doubt but that there will be for 5 or 10 years, or even a longer period, no scarcity of pulp wood, even if Quebec maintains her restrictions. If we maintain our duty new mills can still be built in Maine, Minnesota, Washington, and Oregon. There will, doubtless, also be many mills built in Canada, and an ever-increasing amount of paper shipped into the United States.

Canada can offer us no concession in connection with pulp wood to compensate for a reduction in the tariff, which will wipe our mills out

of existence and make the United States hereafter dependent upon Canada for practically its whole supply of news paper.

We submit that we have been able to take care of the supply of paper for the publishers of this country for a great many years, and we contend that we know our business better than do the publishers, who have been quoted as being the least efficient in the conduct of their business of any manufacturing industry. We merely desire to be treated as any other manufacturers who are endeavoring to conduct their business in a proper manner.

The only practical difference between the statements submitted to this committee by the chairman of the Publishers' Association at this hearing, and those which he has submitted to many committees in the last three years and to Congress, and to the United States at large, through their publicity bureau, is that they do not harp as much upon the cost of paper because of the Tariff Board's report, which, in a most exhaustive way, shows the actual manufacturing conditions in the United States and Canada, comparatively.

As to water-power conditions necessarily affecting manufacturing ability, we desire to file with you a chart showing the average monthly rainfall in the paper-making districts in the United States, for the average of 38 years, and for the years 1909 and 1910; also chart showing the importation of wood pulp and news paper for the period covered in 1909, 1910, and the first two months in 1911. If this goes on at the same ratio as at the present, the manufacture of this material will be gradually forced out of this country.

I also desire to file with you an appearance of the following gentlemen, who were unable to be heard at your hearing two weeks ago:

S. Austin Bicking, East Downingtown, Pa.

J. A. Kimberly, Kimberly Clark Co., Neenah, Wis.

W. F. Howe, Diana Paper Co., Watertown, N. Y.

J. H. Howe, Fulton Paper Co., Fulton, N. Y.

C. W. Marsh, New York City.

F. L. Moore, Newton Falls Paper Co., Watertown, N. Y.

C. A. Woodcock, Finch, Pruyn Co., Glens Falls, N. Y.

H. J. Cadwell, Champion Paper Co., Carthage, N. Y.

G. Abernathy, Remington-Martin Co., Watertown, N. Y.

H. L. Paddock, Oswego Falls Pulp & Paper Co., Fulton, N. Y.

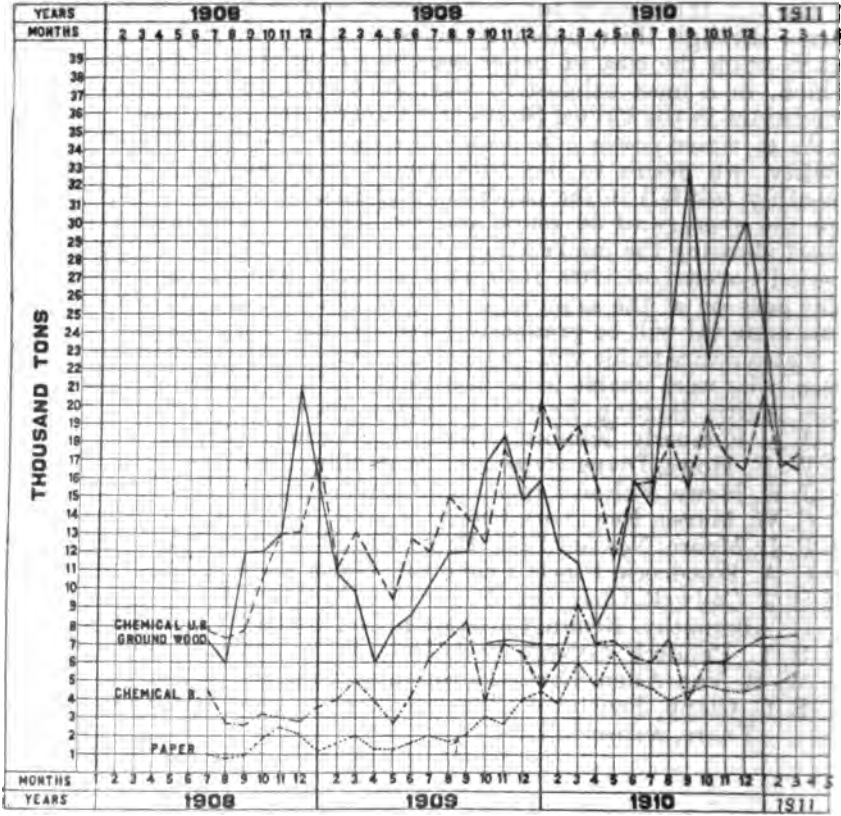
W. B. Van Allen, Carthage Sulphite Pulp Co., Carthage, N. Y.

E. C. Clapp, Penobscot Chemical Fibre Co., Boston, Mass.

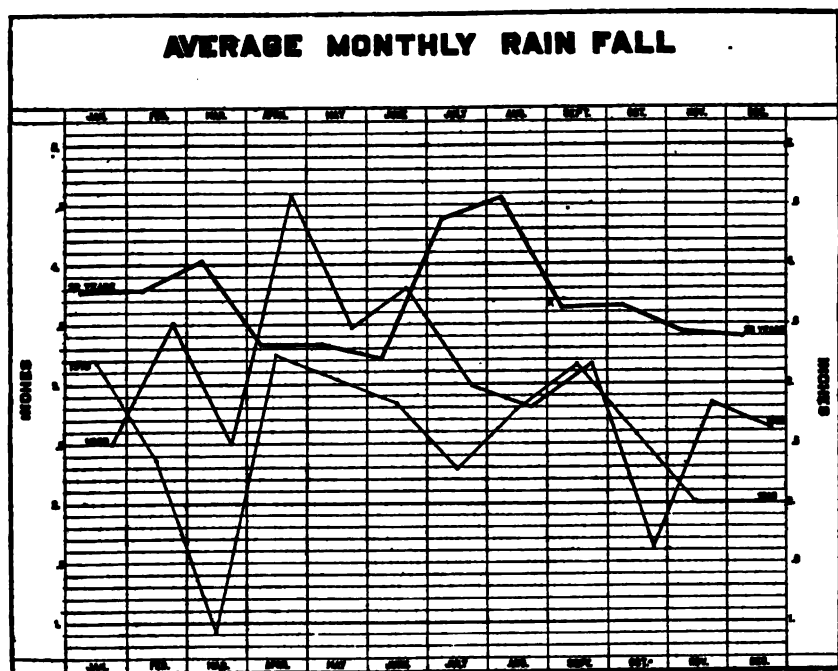
Yours, respectfully,

ARTHUR C. HASTINGS, *President.*

IMPORTATIONS OF WOOD PULP AND NEWS PAPER



—From PAPER, Inc., Dec. 14, 1910



From PAPER, Inc., Jan. 25, 1911

**STATEMENT, IN WRITING, OF HON. C. D. McMILLAN, OF HANNAH,  
N. DAK., FILED WITH THE COMMITTEE ON FINANCE, WITH  
THE REQUEST THAT IT BE INSERTED IN THE RECORD.**

(Presented by Senator McCumber, who makes the following statement:)

Mr. McMillan is a farmer and real-estate dealer of Hannah, N. Dak. He has had a great deal of experience in dealing in lands in the United States and Canada and has a large acquaintance in both countries. For that reason he was requested by the delegation from North Dakota to procure certain data and to accompany the delegation to Washington. Owing to business matters he was unable to appear personally before the committee, but forwarded the following letters, which he would have presented had he been able to appear.

HANNAH, N. DAK., May 11, 1911.

HON. TREADWELL TWITCHELL,  
*Washington, D. C.*

MY DEAR TWITCHELL: Your telegram instructing me to forward data relative to the difference in the cost of wages of farm hands and the difference in the matter of taxes between the Province of Saskatchewan and State of North Dakota is received on a 10 days' absence from home. I can not express how keenly I feel the disappointment in not having this data before you at Washington on your arrival there, but it was simply a case where I could not be in two places at the same time.

We started a little late in getting the information, and many requests I sent out were unanswered on account of the fact that the farmers were all seeding, and consequently it was very difficult to reach them and get a concise statement.

I am inclosing you herewith the various letters received and the statements of the interviews with the Canadian farmers, and in this connection you will find that a number of the statements are given as a result of interviews with Canadian farmers, for in nearly every case we could not dare to ask for the signatures of the Canadian farmers for the reason that they are so very much in favor of the agreement that they would refuse to give the information if they were aware that it would be used to show that they could raise grain cheaper in Canada than farmers in the United States could. However, the facts given here are the result of actual personal interviews with the various persons named.

In regard to wages, the Canadian farmers living near the international line all state that wages are higher than farther north in the interior of the Province, and give as the reason the dissatisfaction their hired hands express in having to accept lower wages than are paid just across the international boundary line on the American side, so that the Canadian farmer for this reason—those living close to the line—in order to keep their hired hands satisfied, have to com-

promise and give them higher wages than would be the case if the men were not living in such close proximity of where higher wages are paid, and of course the Canadian farmers, in effecting a compromise with the hired hands, make use of the argument that they—the farmers—receive less for their product than the American farmer.

Now, one unacquainted with the conditions as they exist here would naturally ask the question why these hired men, who work for the Canadian farmer for less than they can obtain from the American farmer just across the line, does not quit and hire out where they can receive higher wages. The answer is that under the alien-labor laws and immigration laws of the United States this can not be done. The United States has stationed here, or rather at Snowflake, Manitoba—a Canadian town 5 miles from Hannah, N. Dak.—an immigration inspector whose duty it is to interview each and every person seeking to enter the United States, and entry can not be made—that is, entry for the purpose of remaining for even a short period of time—unless the person seeking to enter has appeared before a board stationed at the city of Winnipeg and passed a physical examination and found to be physically fit, and possessed of a certain amount of money, \$30 I believe is the amount, and who complies with certain other conditions and who is then given a certificate, or what would amount to practically a passport into the United States.

And even then, armed with all these necessary qualifications and the passport, should the inspector surmise that an understanding was had with any party on the American side that such emigrant was to obtain employment in the United States, he would be refused admission, or, if later on this information should come to the knowledge of the inspector, the party thus admitted and the party in the United States with whom he had the understanding would both be arrested and the foreigner deported and the other party tried and subjected to a fine ranging from \$50 to \$5,000; and in this connection I know of my own knowledge that several entirely innocent farmers have been arrested and fined. My understanding of the present immigration laws is that to induce a foreigner to come to the United States for the purpose of seeking labor, even if no especial employment or rate of wages is stated, would make one liable under the immigration act. At any rate, the immigration inspectors are stationed at every port of entry along the border and are very active, with the result that laborers residents of Canada are aware of the condition and but little effort is made to cross over the American side to seek employment, and again the expense of having to make a trip to Winnipeg for examination and to obtain a passport prevents many from doing so.

The facts in relation to wages are that an American farmer has to pay considerably more for his farm labor than a Canadian farmer, even for experienced help, and inexperienced or green help can be obtained for a fraction of the wages paid for similar help on the American side. The Canadian farmer is not restricted in obtaining any help he can get from the British Isles—from England, Scotland, and Ireland—and a great number of these young men after a year or two on the Canadian farms make the best hired hands the Canadian farmers have. Under the proposed agreement no change will be made in the alien labor act or the immigration act, so that an Ameri-



can farmer may obtain labor at less cost and from the British Isles the same as the Canadian farmer can.

The argument may be advanced that the Canadian farmer will have to pay duty upon his farm machinery, and while I have not the time to go into this in detail I have figured it out upon a basis of the Canadian farmer buying all his machinery of American make, and the duty would amount to about \$13.44 per year, and as a matter of fact it will be considerable less, possibly not to exceed about \$9 per year.

The freight rates on grain from the Canadian side of the line is exactly the same to Port Arthur and the head of the Lakes as our freight rate here. I have seen a statement in some newspaper to the effect that in computing the price of Winnipeg wheat there would have to be taken into account the freight from Winnipeg to Port Arthur, but such a statement is incorrect, for the Winnipeg price includes freight to the head of the Lakes.

Now, in relation to taxes between the two countries, you will see from the letters and communications sent herewith the great difference in this item of expense to a farmer, always with the amount of taxes lower on the Canadian lands and no personal taxes and no taxes of any kind upon improvements on farm lands; also observe the Dominion Government aid. In this connection the Members of Congress should not overlook the fact that Canada has no standing army, no navy, no consular service, nor many other matters of this kind such as the United States has. these being furnished them by the British Government and for which they are, as I understand it, not taxed. In other words, the United States is a man of family, with the care and burden of an active family, while Canada may be represented as a young lady of good health who is protected by her parent and "boards at home," but is about to enter into competition with the man of family who has to board himself and support his family and protect his home. I am sorry that I have not the time to write you a few more thoughts on this and working or effect of this proposed agreement, but am anxious to get the data to you on this mail, so will have to close.

Very truly,

C. D. McMILLAN.

P. S.—The personal taxes of an American farmer will amount to double the annual difference in duty charges which a Canadian farmer would have to pay if all duty were divided by number of years his machinery will last.

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HANSBORO STATE BANK,  
*Hansboro, N. Dak., April 22, 1911.*

Mr. C. D. McMILLAN,  
*Hannah, N. Dak.*

DEAR SIR: Your favor of the 15th instant in regard to the reciprocity matter came duly to hand. I have taken the matter up with some of our farmers and have two letters now. Will try to go across the line to-morrow in my car and interview several men, and will report to you some time during the coming week.

I find that practically all of our farmers are against the reciprocity pact, but the ones across the line are just the other way. Inasmuch

as that is the case, it may be a little difficult to get the exact data across the line.

Just as a sample, two of our farmers purchased a car of barley across the line about two weeks ago, paid \$270 duty on 900 bushels, and they shipped it to Minneapolis. After paying for their work of hauling it over, and the duty, they came out something like \$100 ahead on the 900 bushels.

This is rather a striking example, but our local people on both sides of the line know of this particular fact and, accordingly, makes the difference in the sentiment of the people here and there.

Very truly, yours,

C. E. BLACKORBY.

TAXES, EXPENSE, AND FARM WAGES IN CANADA.

C. D. McMILLAN, *Hannah, N. Dak.*

SIR: Answering your inquiry as to the cost of taxes, hired help, etc., in the Province of Manitoba, I will say that I have resided in the Province of Manitoba, Canada, 32 years on the 14th of next May. I own 10 quarter sections of land, the majority of my land being located just north of the international boundary line, some of it lying right along the international border, about 3 miles from the town of Hannah, in North Dakota, and  $4\frac{1}{2}$  miles from the town of Snowflake, Manitoba.

Regarding the cost of taxes, I have before me at the time this letter is being written tax receipt for the 1909 taxes, hereto appended, and find they are as follows: On my best land—being all of section 10, on which all of my buildings are located—I find that I paid taxes at the rate of \$19.80 per quarter section. On the remainder of my land the taxes averaged \$15.84 per quarter section. The taxes for two or three years previous would be about the same or a little less; for the year 1910 practically the same, possibly a trifle more. These amounts include taxes of all kinds and for all purposes. Under our system in Manitoba we do not commute our road taxes, but pay them in cash, and the amounts above given include all road taxes or statute labor. During the time I have been in Manitoba I have never paid any personal taxes—none are assessed in that Province. Which means that there are no taxes on cattle, horses, hogs, sheep, machinery, or anything of that sort. And also in this connection I might add that we are not taxed for any improvements that we may make on farm lands, such as windmills, buildings, dwellings, barns, granaries, fencing, or anything of that sort.

It is my understanding—I am giving you these figures from memory—that the Province of Manitoba received from the Dominion Government somewhere between \$300,000 and \$400,000, which is estimated as being their share that would be due to the Manitoba government on account of customs collections or duty charges obtained by the Dominion Government. This amount is expended by the Manitoba government throughout the various municipalities—and municipalities in Manitoba conform quite closely to your county system in North Dakota—in improvements of roads, aid in building bridges, aid in draining, and aid to general schools.

Replying to your inquiry as to wages which I have paid for the last four or five years, will say that the season of 1910, and for three or four years previous, I paid \$25 per month from the month of April to October, inclusive, or seven months, and \$12 per month for the months of November to March, inclusive, a period of five months, or an average of \$19.60 per month. Up to this year this is the highest wages that I have ever paid on my farm in Manitoba for the period given. This year I am paying one man (he has been with me several years and is an extra good hand) \$30 per month for a seven months' period, from April to November, and \$12 per month for the rest of the year. During the last four years I have hired extra hands by the month during the season of from April to November at the rate of from \$20 to \$25 per month. Of course I have had cheaper men, young men recently from the old country—the British Isles—that I have hired variously from \$12 to \$18 per month. I am familiar with the wages paid for the last four or five years in North Dakota, and from my knowledge of wages on both sides of the international line, am positive that we can hire our farm hands from \$10 to \$15 per month cheaper during the months from April to October, inclusive, and from \$5 to \$8 per month cheaper from November to March.

Very truly,

JOSEPH SPENCE.

[Tax receipt referred to above.]

No. 449.

MUNICIPALITY OF LOUISE,  
*Crystal City, Manitoba, December 16, 1909.*

Received from Jos. Spence the sum of \$158.40, being taxes due on the following lands to December 31, 1909:

Description.	Section or lot.	Township or block.	Range or par. lot.	Taxes.
NW.....	4	1	10	\$15.84
W.....	3	1	10	36.43
SW.....	4	1	10	11.09
All.....	10	1	10	79.29
SE.....	9	1	10	15.54
				158.40

A. THARP, *Treasurer.*

CITIZENS STATE BANK OF HANNAH (INC.),  
*Hannah, N. Dak., April 27, 1911.*

Mr. C. D. McMILLAN,  
*Chairman Information Committee, Hannah, N. Dak.*

STATEMENT OF CHARLES SANDERS, SR.

DEAR SIR: Mr. Sanders stated that he is the owner of one half-section of land in the municipality of Pembina, about 2½ miles distant from the town of Snowflake, Manitoba. Sanders claimed that he is living on the southwest quarter of section 4, township 1, range 9; that he does not consider this farm whereon he lives to be first-class farming land, as it is cut up somewhat with a coulee, which

leaves the surface broken and not as easily tilled as his other quarter of land.

He values his improvements on this quarter at \$6,000. His taxes on this land for the last five or six years would average about \$18 per year and on the other quarter at \$20 per year. Mr. Sanders values his homestead at \$30 per acre.

In response to an inquiry regarding the wages which they paid their farm hands, Mr. Sanders stated that they were paying for the current year, to an experienced man, \$250 for 12 months, and that green farm hands they could get for from \$15 to \$25 per month. Mr. Sanders stated that there was one disadvantage in living so close to the boundary line—that on account of the much higher wages which the American farmers paid their help it was hard to keep their men satisfied, and cited instances of farmers 30 or 40 miles north in Manitoba where they could get their men from \$5 to \$6 a month less; also the same thing was prevalent again in the fall at thrashing time, when they were compelled to pay \$3 a day for thrashing hands, where back farther north, away from the influence of the higher wages paid on the Dakota side, the farmers got their harvest hands from \$2 to \$2.50 a day. Mr. Sanders stated that for experienced servant girls the average wages would be about \$15 per month.

Very truly,

ALEX REID.

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CITIZENS STATE BANK OF HANNAH (INC.),  
*Hannah, N. Dak., April 27, 1911.*

Mr. C. D. McMILLAN,

*Chairman Information Committee, Hannah, N. Dak.*

STATEMENT OF CHARLES SANDERS, JR.

DEAR SIR: In a conversation which the writer had with Mr. Charles Sanders, he stated that he lives about 3 miles from the town of Snowflake; that he farms five quarters of land in that vicinity; that his taxes on this land for the year 1910 was \$92—that is, after the 10 per cent had been deducted for the prompt payment on December 15; and that he values his improvements which he mentioned as his dwelling, stables, and machine sheds, at about \$6,000, on which he pays no taxes.

Mr. Sanders also stated that he was the owner of 20 head of horses, 16 head of cattle, and a steam threshing outfit, which he valued very conservatively at \$6,000, upon which he pays no taxes.

When asked as to the amount of wages which he had to pay his farm help he stated that he always hired his men by the year, and that this year he was paying his man \$250 for 12 months, and when asked if he ever employed any green farm hands he stated that sometimes he had. Men that were newly out from England or Scotland that he could generally get for from \$10 to \$15 per month. He expressed himself as very much in favor of reciprocity, and was looking forward to the time when he could take advantage of the higher price for grain which always was obtained across the international border from him.

Very truly,

ALEX REID.

OFFICE OF THE MUNICIPALITY OF PEMBINA,  
*Manitou, Manitoba, April 25, 1911.*

R. R. PERRY, Esq.,  
*Agent C. P. R. R., Mowbray.*

DEAR SIR: Re yours of 19th instant, the average total tax per quarter section is as follows: 1907, \$21.45; 1908, \$24; 1909, \$22.70; 1910, \$23.30. This is not absolutely exact, for the reason that the villages of Darlingford, Kalieda, Mowbray, Snowflake, and La Reviere are included, but is probably close enough for your purpose. Farm improvements and personal property on farm lands is not taxable. Personal property in villages is.

Yours, truly,

J. E. GAYTON,  
*Secretary-Treasurer.*

Includes road tax and taxes of villages, which, divided by number of acres farm lands, make average higher than really is case.

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CITIZENS BANK OF HANNAH (INC.),  
*Hannah, N. Dak., April 27, 1911.*

Mr. C. D. McMILLAN,  
*Chairman Information Committee, Hannah, N. Dak.*

STATEMENT ELI SHILSON.

DEAR SIR: In conversation with Eli Shilson, of Snowflake, Manitoba, who is the owner of numerous farms just across the international border from us, and in reply to an inquiry from the writer regarding the amount of taxes which they have to pay on farm property, Mr. Shilson handed the writer a statement of his taxes on certain parcels of land for the year 1910. On a half section of land upon which the town of Snowflake is located, on 283 acres, which is the balance of the half section not used for town-site purposes, his taxes were \$60.20, less the 10 per cent reduction if paid on December 15 of the current year amounts to \$54.18.

On another half section which Mr. Shilson owns and which he describes as the east half of section 21, township 1, range 9, in the municipality of Pembina, he pays a tax of \$41.60; and improvements which he may have on this land, Mr. Shilson stated, has nothing to do with the amount of taxes which is assessed against it. The distance from market and the quality of the land were the only factors in the amount of taxes which they had to pay over there.

Mr. Shilson also stated that the Province of Manitoba got a yearly grant from the Dominion Government of between three and four hundred thousand dollars, he could not state the exact amount, but it was proportioned to them pro rata according to population and was in the nature of a rebate to them from duties collected along the international boundary.

Mr. Shilson has been a resident of Manitoba for the past 30 years, and says that his attention has been repeatedly called to the difference between the amount of taxes that the American farmer has to pay in comparison to what the farmer across on the Manitoba side has to pay. He expressed himself as very much in favor of the reciprocity agreement as now outlined.

Very truly,

ALEX. REED.

(Tax receipt referred to above.)

[Produce this notice when making payment. Checks unaccepted will not be received, and discount charges at local bank must be added.]

## MUNICIPALITY OF PEMBINA—STATEMENT AND DEMAND OF TAXES FOR 1910.

Mr. ELI SHILSON, *Snowflake*:

Description of property.	Section.	Township.	Range.	Number of acres.	Valuation.	General municipal rate at 1 mill on the dollar.	Commuted statute labor rate.	Municipal commissioner's rate at 1 mill on the dollar.	General school rate at 8 mills on the dollar.	Special school rate at 8 mills on the dollar.	Total tax.	Rebate.	Tax less rebate.
Pt. S. 4.....	19	1	9	283	\$1,400.00	\$19.60	.....	\$1.40	\$11.20	\$28.00	\$60.20	\$6.02	\$54.18
Lots in Snowflake.					1,500.00	21.00	.....	1.50	12.00	30.00	64.50	6.45	58.05
E. 4.....	20	1	9	320	1,300.00	18.20	.....	1.80	10.40	11.70	41.60	4.16	37.44
Pt. SE.....	27	1	9	10	10.00	.14	\$0.37	.01	.08	.....	.60	.06	.54
Pt. SE and pt. SW.....	27	1	9	40	.40	.56	1.13	.04	.32	.....	2.05	.20	1.85
Pt. NE and SE.....	28	1	9	300	300.00	4.20	.....	.30	2.40	1.44	8.34	.84	7.50
Pt. SW and pt. NW.....	28	1	9	50	2.25	3.15	.....	.23	1.80	2.40	7.58	.76	6.82
Pt. SE.....	33	1	9	20	.20	.28	.....	.02	.16	.24	.70	.07	.63
											185.57		
											18.56		
											167.01		167.01

NOTICE.—A rebate of 10 per cent will be allowed on current year's taxes if paid on or before the 15th day of December. All taxes for current year remaining unpaid on the 15th day of December shall be payable at par until the last day of February. On the first day of March, as a penalty, an additional sum, amounting to 10 per cent of such taxes, shall be added thereto. On the first day of March in each year thereafter, as a penalty, an additional sum, amounting to 10 per cent of all arrears of taxes, shall be added thereto. All taxes due by residents must be paid without further notice within 30 days of receipt of statement, or the same may be collected by distress, with costs. This notice is delivered to resident by letter, by authority R. S. M. cap. 101. The collector has not now to call on each resident. All lands in arrears of taxes for more than one year are sold annually.

This notice is mailed at Manitou this 25th day of October, 1910.

J. E. GAYTON,  
Secretary-treasurer, Manitou P. O.

CITIZENS STATE BANK OF HANNAH (INC.),  
Hannah, N. Dak., April 27, 1911.

Mr. C. D. McMILLAN,  
Chairman Information Committee, Hannah, N. Dak.

## STATEMENT OF ROBERT DEW, OF SNOWFLAKE.

DEAR SIR: In response to your letter of April 15 relative to information as to wages across the international boundary in comparison with wages paid on our side of the line. Being well acquainted with a great number of the farmers across the line and on a recent trip through the country over there, I had a conversation with Mr. Robert Dew, of Snowflake post office.

Mr. Dew farms three quarter-sections of land about one-half mile from the town of Snowflake. He informed me that he gets experienced farm hands for about \$240 per year, and some years he has hired a man for seven months, probably from the 1st of April to the 1st of November, and in that case he paid from \$25 to \$30 per month, but that he could always get green farm hands, as he called them—that is, men that were newly out from the British Isles, England,

Ireland, or Scotland, and the first summer their wages would run from \$5 to \$15 per month. Experienced female help for the house. their wages would run from \$15 to \$20 per month, but that a lot of their help in this direction was girls newly out from England or Scotland; these they could get for \$12 per month.

Mr. Dew lives on the south half of section 24, township 1, range 10, in the municipality of Louise. He also farms the southeast quarter of section 25 of the same township and range. On the half section in which he lives he pays \$50 a year in taxes, this also included his road tax. On the unimproved quarter he pays \$25 a year taxes. He stated to the writer that he valued his improvements on the half section to be worth about \$5,000, on which he pays no real-estate taxes. He owns 10 head of horses, 20 head of cattle, machinery, and other personal property, to the value of \$6,000, upon which he pays no personal taxes of any kind.

Regarding the payment of their taxes over in the Province of Manitoba, their taxes become due on the 15th day of December of every year, but if paid on or before that date a rebate of 10 per cent will be allowed; after that date taxes will be par up to the 1st day of March. After that date a penalty of 10 per cent will be added, which will carry them to the 1st of March of the following year. Mr. Dew is very much in favor of the reciprocity pact as outlined, and is looking forward to the time when they will have access to our markets and still be free from the burden of taxes which he knows the American farmers just across the line from him have to pay.

Very truly,

ALEX REID.

NOTE.—This man is brother of William Dew, American. See his letter.

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CITIZENS STATE BANK OF HANNAH (INC.),  
Hannah, N. Dak., April 27, 1911.

Mr. C. D. McMILLAN.

*Chairman Information Committee, Hannah, N. Dak.*

STATEMENT OF JAMES ROBERTSON, SNOWFLAKE, MANITOBA.

DEAR SIR: Mr. Robertson states that he farms 480 acres of land, that he took up as a homestead and preemption, the east half of section 14, township 1, range 10, in the municipality of Louise, after which he acquired by purchase the northwest quarter of section 11, township 1, range 10 of the same municipality. On the half section he pays \$44 taxes per year; that has been the average taxes which he has paid for the last four or five years. That on the other quarter his taxes would average about \$20 per year and that the difference in this tax is due entirely to the quality of the land and not to any improvement that he has on the half section whereon he lives.

Mr. Robertson estimated that his improvements on the half section were worth about \$5,500, which is not assessed at all and on which he pays no taxes. He stated to the writer that he pays no taxes on his stock or machinery. He also stated that his road tax was not included in this statement as in the municipality in which he lives they work out their road tax, but said that it was optional with him if he

would not work it out he could pay it in cash and on the half section it would amount to about four days at \$1.50 a day which would be \$6.

His farm help he hires by the year. He is paying his present man, who he says is an experienced man, \$260 per year. Mr. Robertson's land is about 2½ miles from the town of Snowflake.

Very truly,

ALEX REID.

MANITOU, April 27, 1911.

R. R. PERRY,  
Mowbray, Manitoba.

DEAR SIR: In reply to yours of the 18th, there are very few farmers in town these days, and I have made inquiry of several, and they say the usual wages for green men in 1907 and 1908 was \$5 per month for the winter months and \$10 per month for the summer months.

Yours, truly,

R. A. GARRETT.

STATEMENT OF FACTS, FOR INFORMATION COMMITTEE ON RECIPROCITY, BY  
W. J. M'CULLOUGH, CARTWRIGHT, MANITOBA, APRIL 24, 1911.

How much land do you farm? 640 acres.

The average amount of wages per month paid for ordinary farm hands from April 1 to October 31 in the following years: 1907? \$30. 1908? \$30. 1909? \$30. 1910? \$30.

For green farm hands for the years 1907, 1908, 1909, 1910 (from Apr. 1 to Oct. 31)?<sup>1</sup>

The amount of wages paid ordinary farm hands from October 31 to March 31 per month during the years 1907? \$15. 1908? \$15. 1909? \$15. 1910? \$15.

The amount paid per month for green farm hands from October 31 to March 31 during 1907, 1908, 1909, 1910?<sup>1</sup>

The amount of taxes paid on land with buildings on it for the year of 1907? \$17. 1908? \$17. 1909? \$17. 1910? \$17.

The amount of taxes paid on land without buildings on it per quarter for 1907? \$17. 1908? \$17. 1909? \$17. 1910? \$17.

The amount of personal-property tax for 1907? None. 1908? None. 1909? None. 1910? None.

STATEMENT OF FACTS FOR INFORMATION, COMMITTEE ON RECIPROCITY, BY  
JAMES MONROE, CARTWRIGHT, MANITOBA, APRIL 24, 1911.

How much land do you farm? 640 acres.

The average amount of wages per month paid for ordinary farm hands from April 1 to October 31 in the following years: 1907? \$30. 1908? \$30. 1909? \$30. 1910? \$30.

<sup>1</sup> Mr. McCullough states that green farm hands usually work for \$10 or \$15 per month during the summer season and for their board during the winter months. He also states that these men more generally work for odd jobs now, being able to make more money that way than working on the farm.



For green farm hands for the years 1907, 1908, 1909, 1910 (from Apr. 1 to Oct. 31)?<sup>1</sup>

The amount of wages paid ordinary farm hands from October 31 to March 31 per month during the years: 1907? \$15. 1908? \$15. 1909? \$15. 1910? \$15.

The amount paid per month for green farm hands from October 31 to March 31 during 1907? Nothing.<sup>1</sup>

The amount of taxes paid on land with buildings on it for the year of 1907? \$18. 1908? \$18. 1909? \$18. 1910? \$20.

The amount of taxes paid on land without buildings on it per quarter for 1907? \$18. 1908? \$18. 1909? \$18. 1910? \$20.

The amount of personal-property tax for 1907? None. 1908? None. 1909? None. 1910? None.

NECHE, N. DAK., *April 20, 1911.*

MR. C. D. McMILLAN,  
*Hannah, N. Dak.*

STATEMENT OF GEORGE KNOWLES, NECHE, N. DAK.

DEAR SIR: Your letter of April 8 inquiring for information as to the cost of farm products near the boundary in Dakota, Manitoba, and Saskatchewan received.

The following is a little of my opinion on reciprocity with Canada, and also showing a little of the difference in taxes and wages between here and Manitoba and Saskatchewan. I will not go into tariff talk or figures, but will try to give some example between the farmer and the manufacturer under reciprocity with Canada. It seems to me there are many things the farmer is exposed to without being exposed to Canada without duty.

The manufacturer will invest his money in machinery and buildings or other outlay—it may be a large sum of money or it may not—then pays wages to manufacture and get the work done along with the cost of material to be manufactured. But before the products of this factory is sold the cost of manufacturing, etc., with interest on the investment, etc., must all be figured in, and the goods or articles must be sold at a certain price to clear expenses and have a reasonable profit left for the investor.

What is the principal risk of this property to be destroyed by? The writer would say fire. So there must be insurance put on this factory against loss by fire. The expense of this insurance, of course, to be charged to the expense account. So that the factory goes on year after year with its products bringing in its profits, and should there be a loss, which I said would quite likely be by fire, there would be the insurance coming in, and the manufacturing is also protected by a tariff or duty from foreign manufacturing and foreign labor.

But it seems to me quite a different thing with the farmer. He may invest his money in a farm with horses and machinery, etc., and pay wages for help; he spends his time in cultivating the land, puts in the seed; but he does not know what he is going to reap—perhaps not get as much as the seed back. He can not figure it out and say he must sell this product at a certain price to give him a profit. I

<sup>1</sup> Mr. Monroe states that he does not employ any green farm hands, but that they can be had for \$10 or \$12 per month during the summer season and for their board during the winter months.

consider that the farmer has got to run much more risk than the factory. As I said before, I think the risk of a factory is nearly all in fire, for which, of course, is the insurance. But the farmer may carry insurance for loss by fire, another insurance for hail, and lose his crop by drought, floods, rust, blight, or other causes, and at the same time pay for two insurances against loss out of the little crop that he may have left.

The writer is speaking from actual experience in this matter, for he has been hailed out three times—twice in succession—and had to borrow money to pay taxes and buy seed grain. The writer has lived and farmed here more or less for over 30 years and has raised wheat for sale when the market was as low or lower than 40 cents per bushel, and 50 and 55 cents was quite common, and paid high for machinery, a 6-foot cut Deering binder costing \$300 and over. So how much would a farmer make at those prices? But now when the prices have got better (although the yield per acre is not so good) it is: Take away the duty and make him sell cheaper.

Now, Mr. McMillan, there are things we can not or are not allowed to get—cheap laborers from the old country across the line—here on account of the immigration law, etc., and if this agreement with Canada should pass, it leaves the American laborer protected, not by a duty but by law. But it must be a fact that wages are lower on the Canadian side, owing to the fact that foreigners will come to the American side when they can; and we are often in need of them in harvest, for the writer has seen acres and fields of grain lying on the ground in sheaf for want of help. So that all Americans seem to be protected but the farmer.

As the writer has lived near the boundary line, more or less, over 30 years, I think I would be safe enough in saying that the price of wheat has been from 5 to 15 cents lower on the Canadian side, near the line, than on the American side, near the line, most of this time. Then there is a difference of about 12 cents from the boundary line to Minneapolis.

Now, how does Mr. Hill, in his speech in Minneapolis, claim there is only about from 5 to 10 cents difference between Winnipeg and Minneapolis?

A word or two now about stock. I think we are exposed in this line much the same as grain, etc. The question of raising a steer for four years means four years of risk with that animal in different ways, both in care and feed and the possibility of losing it when nearly old enough for market. The owner does not know what the feed is going to cost to that animal nor the wages he shall have to pay. He can not figure on making a certain percentage of profit. He has simply got to run the chance on the whole market price, whatever it may be, whether it is sufficient to pay him or not. But as soon as it is sold to the meat packers it is under protection, and it is not likely to be kept there for four years in any way, running chances on the market, but will be sold in a short time at a percentage of profit.

To remove the duty leaves the farmer exposed again, as the Canadians have so much uncultivated land, with cheaper taxes and labor, they can afford to undersell the Americans.

The writer owns a quarter section of land in Dakota,  $1\frac{1}{2}$  miles from the boundary; also a quarter section of land in Saskatchewan, Canada, which will show the difference in taxes and wages.

Taxes on one quarter section in Dakota, commencing 1907, were \$32.78; 1908, \$35.38; 1909, \$43.72; 1910, \$34.04; total, \$145.92. By inquiry I find that wages has been for farm labor from about \$200 to \$250, for eight months, during the four years, and harvest wages for the first two years from \$2.50 to \$2.75 per day; the last two years from \$2.50 to \$3.25 per day.

The taxes on quarter section of land in Saskatchewan for four years is as follows: 1907, \$12.32; 1908, \$9.20; 1909, \$8; 1910, \$8; school, \$14.60; total, \$52.12. Can only state harvest wages for 1910 in Saskatchewan. The writer, being there last fall, was told \$2.50 per day.

GEO. KNOWLES.

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TAXES, EXPENSE, AND FARM WAGES IN THE UNITED STATES.

WALES, N. DAK., April 27, 1911.

MR. C. D. McMILLAN,  
Hannah, N. Dak.

STATEMENT OF RICHARD SWINBURNE, WALES, N. DAK.

DEAR SIR: Replying to your inquiry, I submit the following statement of taxes and expenses for labor in farming a half section of land near Wales:

For the year 1907 the real-estate tax on the half section I farmed was \$68.53 and personal-property tax \$13.93, making a total tax for that year of \$82.46.

The 1908 real-estate tax was \$63.07 and personal-property tax \$14.45, making a total tax for that year of \$77.52.

For the year 1909 the real-estate tax was \$71.32 and personal-property tax \$16.45, making a total of \$87.77 for that year.

For the year 1910 the real-estate tax was \$64.44 and personal-property tax \$10.52, making a total tax for that year of \$74.96.

The road work in South Dresden Township is done by the contract system, and the road tax on this half section for the four years mentioned is included in the real-estate tax for those years.

During the years 1907, 1908, 1909, and 1910 I paid my hired men \$35 per month and board, and from \$2 to \$2.50 per day and board. In the year 1907 I paid out about \$200 for hired help and in 1908 between \$190 and \$200. In 1909 I paid out for such help about \$200, and about \$130 in 1910. This cost for hired help is in addition to their board, which costs me in the neighborhood of \$10 per month per man.

The above expenses for operating this half section for the past four years would average up something like this:

Total tax for four years, \$322.71, or an average of \$80.68 per year. Total wages to hired help, \$730, and this, added to the cost of their board, which I estimate at \$150, makes a total expense for hired help for the past four years \$880, or an average of \$220 per year. In addition to this I am kept busy all of my time on the farm.

The average taxes of \$80.68 plus cost of hired help of \$220 per year makes the average yearly expense for hired help and taxes on the half section that I have been farming during the years named \$300.68.

Trusting this information will be of some value to you, I am,  
Yours, truly,

RICHARD SWINBURNE.

STATE BANK OF WALES,  
*Wales, N. Dak., April 22, 1911.*

Mr. C. D. McMILLAN,  
*Hannah, N. Dak.*

DEAR SIR: Complying with your request, I send you herewith a statement showing the expense in taxes and farm labor on my farm, near Wales, in the years 1907, 1909, and 1910.

When I commenced to prepare the information for this letter I intended to also include in my statement the figures for the year 1908, but for some reason I find that my tax receipts for that year are lost, so I am compelled to confine my statement to the years 1907, 1909, and 1910.

I farm 880 acres of land and have only sufficient improvements and personal property to properly work a farm of that size.

For the year 1907 my real-estate tax on the 880 acres amounted to \$171.38, the road tax for that year on that land amounted to \$35.93, and the personal tax that year amounted to \$54.38, making a total of \$261.69.

For the year 1909 my real-estate tax was \$164.51; the road tax, \$39.45; personal tax, \$50.39, making a total for the year of \$254.35.

For the year 1910 the real-estate tax was \$167.42; road tax, 35.16; personal tax, \$46.35, making a total for the year of \$248.93.

The average of all of my taxes for the three years was \$254.99 per annum.

In order for me to work that amount of land it was necessary for me to keep three men from April 1 to November 1 of each year. The average wages paid during those years was \$35 per month and board, and it is necessary for me to keep two men during the winter months at \$15 per month and board, which figures up something like this: Three men at \$105 a month for seven months amounts to \$735, and two men at \$30 a month for five months amounts to \$150, which, added to the \$735, makes a total of \$885 per year for wages. In addition must be added the board, which costs me \$12 per month, which would amount to \$144 per year for each man. Two men at \$144 per year amounts to \$288, and one man for seven months, from April 1 to November 1, amounts to \$84, or a total of \$352 for board. This, added to the \$885 for labor, amounts to \$1,257 of a yearly expense for labor and the board for the men to work my  $5\frac{1}{2}$  quarter sections.

The \$1,257 for labor and board plus \$254.99 average taxes for each year for the three years makes a grand total of \$1,511.99 for the total expense of farming my 880 acres, or an average expense on each quarter per annum of \$274.90. In addition to this I am also kept busy the most of my time on the farm.

It might also be of some value to you if the taxes on the quarter section on which we live, and which has all of the buildings, was given to you separately from the taxes on the other four and one-half quarter sections. The average real-estate tax per annum for the three years on the home quarter having the buildings was \$37.68. The average road tax on that quarter per year for three years was \$8.39; and that quarter's pro rata share of personal-property tax per year for three years was \$9.16, making a total of \$55.33 as average yearly taxes for the three years on that quarter. The average yearly tax on each quarter section in the remaining 720 acres per year for three

years, including real estate, road tax, and personal-property tax, was \$43.95.

I regret that I have not the information regarding the expenses for the year 1908, but I know that the expenses for that year would not be far from the average of the three years quoted; and I trust that this information will be of some value to you.

Yours, very truly,

WM. DEW.

This man is brother of Robert Dew, Canadian. See his letter. These brothers live about 10 miles apart on either side international line.

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HANSBORO, N. DAK., *April 19, 1911.*

MR. C. D. McMILLAN,

*Chairman Information Committee, Hannah, N. Dak.*

DEAR SIR: I herewith submit the following facts in regard to my labor and taxes at the request of Mr. Blackorby:

I am farming 640 acres of land near here, and for the past four years have paid an average amount of \$35 per month for ordinary labor from April 1 to November 1, and \$20 per month from November 1 to April 1.

The taxes on the quarter with buildings on it for 1907 were \$29.23; other land, \$22; the taxes for 1908 were \$39.23; other land, \$28.75; the taxes for 1909 were \$43.12; other land, \$32.64; the taxes for 1910 were \$35.78; other land, \$30.83.

My personal-property taxes for 1907 were \$21.06; 1908, \$22.11; 1909, \$26.08; and for 1910, \$27.39.

Trusting these facts may be of some assistance to you in your work, I am,

Very truly, yours,

JAS. BROWN.

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HANSBORO, N. DAK., *April 19, 1911.*

MR. C. D. McMILLAN,

*Chairman Information Committee, Hannah, N. Dak.*

DEAR SIR: In regard to the facts about the price of farm hands and the amount of my taxes for various years, Mr. Blackorby has requested me to send you a statement covering the same.

At present I am farming 1,480 acres of land. For the past four years I have paid my men on the average \$32.50 per month from April 1 to November 1 of each year, and \$20 per month from November 1 to April 1.

The taxes on my land with the buildings on it for 1907 were \$30.63; the taxes on the other quarters were, in 1907, \$22.76. For 1908, \$36.66; land without buildings, 1908, \$30.37. For 1909, \$42.71; land without buildings, 1909, \$29.42. For 1910, \$44.10; land without buildings, 1910, \$29.93.

My personal-property taxes for 1907 were \$51.50; 1908, \$68.58; 1909, \$81.29; 1910, \$101.27.

Trusting that the above facts will be of some assistance to you, I am,

Very truly, yours,

HUGH LYMBURN.

RIVERVIEW FARM,  
Neché, N. Dak., April 25, 1911.

Mr. C. D. McMILLAN,  
Hannah, N. Dak.

DEAR SIR: Mr. George Knowles showed me a letter from you requesting him to send you a statement of what wages we pay around here, also the amount of taxes per quarter section for the last four years, and asked me to write you. Now, I will say before I begin, that I have lived here since the spring of 1878, just three-quarters of a mile from the international boundary, and now own 450 acres of land, and have been hiring men for over 25 years, so I think I know something of the conditions that has existed for a long time.

As for wages, we once could get men for \$20 to \$22 per month for eight months. Wages kept gradually going up until now I am paying to a boy, not old enough to vote, \$250 for eight months, and during harvest we pay \$2.50 to \$3 per day if you can get them at all. I can not tell about wages on the other side of the line, as it is the Mennonite Reserve and they don't hire much, but I know it is not near so high. And now for taxes.

I find for the year 1908 I paid taxes on a quarter without buildings \$30.97, and for a quarter with buildings \$35.14; for the year 1909 for a quarter without buildings \$32.11; and for the year 1910 for the same quarter \$24.70, but that year our township and school tax was cut in two.

I believe some thrashers have paid \$3.25 per day, and you know it comes out of the producer. Now, I think I have answered all I remember in the letter, but if there is anything further I can do for you, don't be afraid to call on me. I am unalterably against reciprocity as now proposed.

JOHN C. JOHNSON.

Mr. Charles Folker, of Hannah, knows me well, also J. McPhail, of Langdon.

J. C. J.

NECHE, N. DAK., April 24, 1911.

Mr. C. D. McMILLAN,  
Hannah, N. Dak.

DEAR SIR: The following is a statement of taxes and wages for four years given by William Newell with his signature:

Year 1907, taxes, \$59.50; 1908, \$56.73; 1909, \$55.17; 1910, \$46.96. This is personal and land tax for 212 acres situated alongside the boundary between Dakota and Manitoba on American side.

Wages are as follows for four years beginning 1907 and ending 1910: For the first two years, \$30 per month for eight months; harvest wages \$2.50 per day. The next two years about \$32 per month for eight months; harvest wages average about \$2.75 per day.

Mr. Newell also states that he knows of two or three other farmers who are paying \$35 per month at the present time for eight months near here, and one farmer paying as much as \$40 per month for eight months.

The writer met a gentleman the other day who lives at a town called Drayton, near the Red River, N. Dak., who said that farmers

are paying \$35 and \$40 per month for this summer. We think wages are lower here near the boundary line owing to some foreigners coming across the boundary line.

Mr. Newell is opposed to reciprocity with Canada and is willing to sign papers to defeat the same.

W. J. NEWELL,  
*Neche, N. Dak.*

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EASBY, N. DAK., *May 1, 1911.*

C. D. McMILLAN,  
*Hannah, N. Dak.*

DEAR SIR: At the request of P. W. Ault, of Easby, I am giving you below the information asked for:

My personal tax for 1908 was \$10.32; 1909, \$16.18; 1910, \$15.60.

My real-estate tax on which my buildings are located was as follows: 1908, \$63; 1909, \$52.48; 1910, \$57.50.

I also had road taxes during those years for the following amounts: 1908, \$12; 1909, \$11.25; 1910, \$13.16.

It cost me for hired help from April 1 to March 31, 1908, \$35 per month; April 1 to March 31, 1909, \$40 per month; April 1 to March 31, 1910, \$35 per month; March 31 to April 1, 1908, \$15 per month; March 31 to April 1, 1909, \$20 per month; March 31 to April 1, 1910, \$15 per month.

I own and operate a half section of land, the description of which I give you herewith: The SW.  $\frac{1}{4}$  of section 30, and the E.  $\frac{1}{4}$  of the NE.  $\frac{1}{4}$  and the SW.  $\frac{1}{4}$  of the NE.  $\frac{1}{4}$  of section 30, and the NW.  $\frac{1}{4}$  of the NW.  $\frac{1}{4}$  of sec. 29, T. 160, R. 59.

Yours, very truly,

SAM LORENZ.

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CITIZENS STATE BANK OF AMBROSE,  
*Ambrose, N. Dak., April 27, 1911.*

Mr. C. D. McMILLAN,  
*Hannah, N. Dak.*

DEAR SIR: Answering your favor will state that I am farming 240 acres and farm labor has cost me from April 1 to October 30 on an average about \$40 per month for common labor.

My taxes have averaged about \$28 per quarter and my personal-property tax about \$15.

Reciprocity will lower the value of my farm products and my land and make it difficult to get my labor done and make a reasonable profit and a fair living.

Respectfully, yours,

LOUIS SOGGE.

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CITIZENS STATE BANK OF AMBROSE,  
*Ambrose, N. Dak., April 27, 1911.*

Mr. C. D. McMILLAN,  
*Hannah, N. Dak.*

DEAR SIR: I am farming 300 acres and farm labor has cost me, from April 1 to October 30, on an average, \$35 per month for common laborers.

My taxes have averaged about \$28 per quarter and my personal-property tax \$15.

I am against reciprocity, feeling that it will lower the price of my products and my land and make it harder to make a reasonable living and profit farming.

Respectfully, yours,

S. W. ADAMSON.

FIRST STATE BANK OF CALVIN,  
*Calvin, N. Dak., April 21, 1911.*

C. D. McMILLAN,  
*Hannah, N. Dak.*

DEAR SIR: I have your favor of the 17th asking me to give you a statement of the amount of taxes paid on my land for the last few years, and I give you herewith the statement below. The statement covers on 960 acres for the last three years, and if you will notice the taxes are lower to the amount of land than many of the reports you will get. The reason of this is that my land is in Grey Township, which is run very economically, expenses being kept down to the very lowest point:

Years.	Amount of land (acres).	Personal tax.	Road tax.	Real-estate tax.	Total.
1908.....	960	\$49. 67	\$44. 88	\$128. 78	\$223. 33
1909.....	960	55. 42	52. 88	159. 61	267. 91
1910.....	960	53. 87	54. 93	158. 93	267. 73

The average wages paid for the summer months is \$35 per month, and for additional help for harvesting and thrashing is from \$3 to \$3.50 per day. The average length of time the farmers need help is eight months, and those that need help for the winter pay about \$20 per month.

Yours, respectfully,

ARCHIE SILLERS, Jr.

CALVIN, N. DAK., *April 21, 1911.*

C. D. McMILLAN,  
*Hannah, N. Dak.*

DEAR SIR: I give you herewith a statement of the amount of taxes paid by me on my 320 acres of land for three years, commencing with the year 1908:

Years.	Amount of land (acres).	Personal tax.	Road tax.	Real-estate tax.	Total.
1908.....	320	\$19. 66	\$17. 66	\$62. 06	\$99. 38
1909.....	320	21. 46	21. 13	73. 94	116. 53
1910.....	320	17. 39	20. 27	60. 76	98. 42

The average wages paid for eight months during the summer is \$35 per month and for additional help to take off the harvest and thrash the crop is from \$3 to \$3.50 per day. The average wages paid for the winter months is \$20 per month.

Yours, respectfully,

JAMES WARD.



CALVIN, N. DAK., *April 21, 1911.*C. D. McMILLAN,  
*Hannah, N. Dak.*

DEAR SIR: I give you herewith a statement of the amount of taxes I have paid on my 320 acres of land for three years commencing with the year 1908:

Years.	Amount of land (acres).	Personal tax.	Road tax.	Real-estate tax.	Total.
1908.....	320	\$46.62	\$23.68	\$62.02	\$132.32
1909.....	320	52.40	26.24	82.91	161.55
1910.....	320	30.86	23.57	61.00	135.43

The average wages paid for help for eight months during the summer is \$35 per month, and for additional help for taking off the harvest and thrashing is from \$3 to \$3.50 per day. The usual wage paid for the winter months is about \$20 per month.

Yours, respectfully,

O. B. ALICKSON.

CALVIN, N. DAK., *April 21, 1911.*C. D. McMILLAN,  
*Hannah, N. Dak.*

DEAR SIR: I give you herewith a statement of the amount of taxes paid on my 320 acres of land for three years commencing with the year 1908:

Years.	Amount of land (acres).	Personal tax.	Road tax.	Real-estate tax.	Total.
1908.....	320	\$10.43	\$15.66	\$63.58	\$89.67
1909.....	320	18.30	20.18	78.01	116.49
1910.....	320	22.27	21.59	60.76	104.62

The average wages paid for eight months during the summer is \$35 per month and for additional help to harvest and thrash the crop is from \$3 to \$3.50 per day, and during the winter months we pay \$20 per month.

Yours, respectfully,

JOHN N. PORTER.

CALVIN, N. DAK., *April 21, 1911.*C. D. McMILLAN,  
*Hannah, N. Dak.*

DEAR SIR: I give you herewith a statement showing the amount of taxes I have paid on my 240 acres of land for the last three years:

Years.	Amount of land (acres).	Personal tax.	Road tax.	Real estate tax.	Total.
1908.....	240	\$8.97	\$11.19	\$40.05	\$60.21
1909.....	240	15.18	15.84	52.48	83.50
1910.....	240	12.90	15.35	43.86	72.11

During these years the average wages paid for eight months during the summer was about \$35 per month. I do my own work in the winter; therefore I do not hire any help for about four months, but the usual wage paid for winter months is about \$20 per month.

Yours, respectfully,

ARTHUR WHEELER.

CALVIN, N. DAK., April 21, 1911.

C. D. McMILLAN,  
Hannah, N. Dak.

DEAR SIR: I give you herewith a statement of the amount of taxes paid on my 640 acres of land for four years, commencing with the year 1907:

Years.	Amount of land (acres).	Personal tax.	Road tax.	Real-estate tax.	Total.
1907.....	640	\$25.00	\$35.91	\$93.66	\$159.57
1908.....	640	30.37	39.85	93.35	163.57
1909.....	640	30.03	44.16	111.21	185.40
1910.....	640	14.06	37.98	132.66	184.70

The average wages paid for eight months during the summer is \$35 per month, and for additional help to harvest and thrash the crop is from \$3 to \$3.50 per day. For the winter months the usual wage is about \$20 per month.

Yours, respectfully,

ELIAS PORTER.

CALVIN, N. DAK., April 20, 1911.

C. D. McMILLAN,  
Hannah, N. Dak.

DEAR SIR: As per your request, I give you herewith a statement of the amount of personal, road, and real-estate tax we have paid for the last five years:

Years.	Amount of land (acres).	Personal tax.	Road tax.	Real-estate tax.	Total.
1906.....	1,920	\$25.68	\$89.60	\$230.98	\$346.24
1907.....	1,920	56.35	85.13	271.40	512.88
1908.....	1,920	37.50	88.93	325.60	452.03
1909.....	1,920	47.23	86.80	430.28	564.31
1910.....	1,920	35.44	104.50	338.93	478.87

I may say that all this land is not under cultivation, and according as we get it all broken and under cultivation it will necessitate our getting more stock and machinery, which will cause our personal property tax to be much higher.

In regard to wages paid to our help, up to the year 1909 the average wages paid for eight months from the 1st of April to December 1 was from \$30 to \$35 per month, and for additional help for harvesting and thrashing the crops we paid from \$3 to \$3.50 per day.

For the year 1910 the average cost was about \$40 per month for the eight months during the summer. For the winter months for what help we need we pay an average of about \$20 per month.

Yours, respectfully,

GEO. AND WILL HENDERSON,  
By W. J. HENDERSON.

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HANSBORO, N. DAK., April 24, 1911.

C. D. McMILLAN, *Chairman,*  
*Hannah, N. Dak.*

DEAR SIR: In reply to your request for a statement of average monthly wages paid for farm hands for years 1907 to 1910, inclusive, also taxes paid for same years, I submit the following:

Wages for ordinary farm hands, 1907, \$30; 1908, \$30; 1909, \$32; 1910, \$32, from April 1 to October 31.

From November 1 to March 31 ordinary farm hands have received about \$15 per month.

Taxes on land, with buildings, in 1907 were \$29.23; 1908, \$35.49; 1909, \$36.67; 1910, \$40.06, per quarter section. Taxes on land without buildings were, 1907, \$21.87; 1908, \$30.37; 1909, \$32.64; 1910, \$29.90.

I paid personal-property tax, 1907-8, \$32.99; 1909, \$48.66; 1910, \$57.75.

Respectfully,

J. W. POUND.

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[From the Globe, Toronto, Canada, May 26, 1911.]

#### A DELUGE OF WHEAT.

The representative farmers of the wheat-growing States who have been protesting at Washington against reciprocity with Canada because it will bring down upon them a "deluge" of Canadian wheat seem to have a fairly accurate idea of what is happening on the plains of Saskatchewan and Alberta. That Canada very soon will be in a position to deluge both Europe and the United States with the best wheat grown is no figure of speech.

Vice President William Whyte of the Canadian Pacific Railway and Mr. Robert Meighen of the Lake of the Woods Milling Co., two of the highest authorities in the Dominion, estimate that with favorable weather conditions during the next three months the Canadian west will produce 200,000,000 bushels of wheat. This enormous production will come from an area estimated at a little over 10,000,000 acres, and there are at least 100,000,000 acres of land suitable for the growing of wheat in the Canadian west. The total area devoted to wheat cultivation throughout the world is about 233,000,000 acres, so that Canada, were her western wheat fields fully tilled, could supply almost half the wheat now consumed throughout the world.

That is far in the future. The estimate of a yield this year of 200,000,000 bushels of wheat is a matter of the "living present." What does it mean? What will it do? In the first place it will congest every avenue of outlet from the wheat fields. A very big trainload of wheat is 50 cars, each containing 1,000 bushels. It is said that the Grand Trunk Pacific hopes to be able to haul that sort of trainload on its main line and branches. Supposing the three railways all did so, it would require 4,000 trains of 50 cars each to carry the wheat to the head of the Lakes. It would require the dispatch of over 10 lake freighters daily, with a capacity of 200,000 bushels each, to carry the grain out of Fort William and Port Arthur between the time in September when the new

crop begins to move and the close of navigation. That, of course, is a physical impossibility, and export grain on any such scale as that anticipated will have to be shipped out all-rail in winter as well as by vessel this fall and next summer.

If the west produces 200,000,000 bushels of wheat and the grangers of Minnesota and Dakota scare the United States Senate into a rejection of reciprocity, the entire crop of the west—less the amount exported to the United States, to be milled in bond by the millers there for their export trade—would have to be used in Canada for food or seed or shipped abroad to Europe, South Africa, Newfoundland, or the other smaller customers for Canadian wheat and flour. How much would be available for shipment abroad? Taking our population at 8,000,000 and eliminating the wheat grown in the east, it would require about 8 bushels of wheat per capita to produce flour for home consumption. That would give about a pound of bread per day for each person, a very liberal allowance—the quantity, in fact, usually allotted to soldiers in camp. This disposes of 64,000,000 bushels. Seeding 10,000,000 acres would take probably 16,000,000 or 17,000,000 bushels. There would still remain available for export 120,000,000 bushels, a stupendous quantity. The greatest export up till the present time in any one year was in 1910, when 49,741,000 bushels of wheat were sent abroad and 3,064,028 barrels of flour, the equivalent of about 14,500,000 bushels. If Mr. Whyte and Mr. Meighen are reliable prophets, the export this year and next spring will be double that of the best year to date. That will be the first shower of the "deluge"—the beginning of results from the immigration pouring into the west.

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[From the Globe, Toronto, Canada, Tuesday, May 23, 1911.]

#### CANADIAN AND AMERICAN FARMERS.

Readers of the Globe's special dispatches from Washington for many days past must have been struck by the persistence with which the representatives and spokesmen of the western American farmers have reiterated their opinion that they could not, under the reciprocity agreement, hold their own market for food products against their Canadian competitors. For their belief they give many valid and convincing reasons; in fact, they are right in their opinion, and they can prove that they are so.

The western Canadian farmer has an enormous advantage in the soil and climate that enable him to grow the hard wheat of which he has almost a monopoly. Parts of Dakota and Minnesota are similar to Manitoba and Saskatchewan, but the extent of the hard-wheat region in those States is insignificant; and even if it were otherwise the conditions are more favorable farther north. It is a natural law, apparently, that the nearer one approaches the northern limit of wheat growing the quality of the product improves until the conditions become too severe to be safe in getting a crop every season. The natural opportunity and its natural limitation become alike familiar to the intelligent agriculturist, who learns to utilize the one without transgressing the other.

Canadian hard wheat is admitted free now into the United States, but by the roundabout methods of refunding and bonding. The American miller under these conditions imports only what he needs for his export business, and as he blends hard and soft grain to make flour for the European market he does not find it easy to supply the American consumers with the stronger hard-wheat flour which they prefer. Reciprocity would throw open to the Canadian wheat grower an enormous market which he would inevitably control. It is hard to believe that he will not see where his interests lie and take his stand accordingly.

Much the same line of reasoning holds good of Canadian peaches. They mature on the trees under harder natural conditions than the peaches of the Middle and Southern States, and, as in the case of wheat, the quality of the northern fruit is inevitably superior. This has been admitted by American peach growers in their statements to the Senate committee, and it is widely known as a fact of physical nature. The more these matters are investigated the more clearly it will be perceived that the northern producer has the advantage of his southern competitor, and that the latter is right in his contention.

[From the Manitoba Free Press, Winnipeg, Canada, Saturday, May 27, 1911.]

#### NOT WELL POSTED.

Prof. James D. Boyle, of the University of North Dakota, has been giving evidence before the Senate Finance Committee of the United States, at Washington, on the subject of reciprocity and the price of wheat in Winnipeg, Minneapolis, and Duluth. If all the evidence furnished by the professor is as accurate as that about the Winnipeg Grain Exchange, it will be well for the Senate committee to have it revised before use. The following is his statement on this point:

"There was good reason for the depression of prices at Winnipeg entirely apart from the question of the tariff. This reason was the passage of hostile legislation by the Manitoba Legislature. This legislation was directed against trading in futures, and it had the effect of disruffling entirely the Winnipeg produce and grain exchange. It was forced out of business, and a voluntary organization known as the Winnipeg grain exchange took its place. Trading in futures was given up. Government elevators were also built in competition with the private ones.

"The result of these changes was that Winnipeg grain dealers could no longer pay the prices they had hitherto paid. Elevators, which had been accustomed to hedge by selling in futures against what they bought for cash, had to give up this form of insurance against loss. They had to carry the risk themselves now, whereas formerly they had been able to protect themselves against it. Naturally that risk had to be paid for. It was paid for in lower prices for wheat. The Manitoba farmer is, therefore, paying insurance against loss to the agencies that gather and ship his wheat—an insurance that was before taken care of by the device of trading in futures."

This will be news, indeed, to the members of the Winnipeg Grain Exchange. The "hostile legislation" referred to by Prof. Boyle was passed during the winter session of the Manitoba Legislature of 1908. It modified certain by-laws of the Winnipeg Grain & Produce Exchange, but no attempt was made to prohibit trading in futures. The old exchange disappeared because that was the easiest way out of the situation which was created by the passage of the legislation, and the new voluntary association was formed, the change in the name being made by dropping the word "Produce." This new exchange came into active being with the opening of the new building on the 1st of September, 1908, and the trading in futures goes on increasing year by year, until to-day it is rather more than three times as great as it was in 1908. Indeed, the grain-option market in Winnipeg is now the third largest on the continent of America, as it is the largest cash-wheat market on the continent of America. Its fluctuations are momentarily posted both in Chicago and Minneapolis, as the fluctuations of those exchanges are posted in Winnipeg. Sales are hedged as they always have been, and elevators do not carry one dollar more risk now than they did in the days before the passage of the "hostile legislation."

As to the effect of Government elevators, they are supposed to enhance, not deprecate, the price of wheat. At least that is the claim made for them by their most ardent supporters, and in any case they have only existed, partially in one Province, for one season, so they could hardly have affected prices in 1908, before they came into existence.

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[From the Ohio Farmer, Cleveland, Ohio, June 3, 1911.]

#### WHAT AILS THE NEWSPAPERS?

The daily press all over the United States, irrespective of party or section, or the interests or feelings of its readers, has been enthusiastically engaged in promoting President Taft's Canadian reciprocity deal. It has brooked no criticism of its position; has permitted no open discussion of all the contingencies that may result; has suppressed the publication of letters from the people dissenting from its opinions; has ridiculed and vilified the farmers for their objections to the treaty; has upheld the President and his supporters, in asserting that they know better than the farmers what is best for the agriculture of this country. Of course there can be but one explanation of this united front for

this pact by the daily press of all political faiths, and that is its self-interest in the duty-free paper to be obtained thereby. Yet a certain important New York daily gravely asserted the other day: "The one great interest of the United States that shows any delicacy about promoting and defending its own interest is the chief consumer of print paper. Few newspapers feel at liberty to discuss freely the pulp and paper section of the Canadian reciprocity treaty lest they appear to be using the power of the press for private interest." To be completely truthful, this modest editorial should have gone on to say: "But the press is busily promoting free raw farm products for manufacturers who require such material, with full expectation of free-paper blessings to come under cover of these larger glories." However, this particular paper makes bold to be frank: "If there were unrestricted importation of wood pulp and paper, there would speedily be a competition in production and distribution that would be a universal benefit." Exactly; but to be consistent the press should not stop at unrestricted importation of paper; it should advocate an enlarged free list, for instance, as a cure for the reciprocity pact's ills. This country can compete with the world successfully in a great many lines, possibly in the majority of manufactures. It is no secret that many American-made products are sold cheaper in foreign countries than in this country. When an industry gets to the point where this is possible it means that a tariff on such goods is a hardship. Andrew Carnegie has said that there was no longer any necessity or excuse for a duty on iron and steel. The removal of the duty should lower the prices of all iron and steel products. This would hold true all down the line. We do not advocate general free trade, but the farmers feel that so long as their products are placed on the free list by the Canadian reciprocity pact, they should in turn be permitted to buy their supplies on the basis of absolute free trade with Canada.

**LETTERS PRESENTED BY SENATOR McCUMBER RELATING TO  
THE PRICES OF GRAIN AND DAIRY PRODUCTS AND THE EFFECT  
THE RATIFICATION OF THE RECIPROCITY AGREEMENT WOULD  
HAVE ON THE SAME.**

WESTHOPE, N. DAK., *January 17, 1911.*

Hon. P. J. McCUMBER,  
*United States Senator, Washington, D. C.*

MY DEAR FRIEND: Your letter of January 10 received. I am very glad to furnish you with the information you desire, as the question is one which affects us more than the great majority think.

Wheat at the Farmers' Elevator, in Westhope, was worth on January 9, 10, and 11, 1911, 98½ cents per bushel, and at the line elevators here, same town and same dates, they paid \$1.005 per bushel.

At Colter, Manitoba, 15 miles north of here, and at Lyleton, Manitoba, 20 miles northwest of here, on the same dates, they paid as follows: Eighty-five cents at Colter and 84 cents at Lyleton per bushel.

At Malita, Manitoba—a larger town in Manitoba—which is 30 miles due north and about the same distance from the terminal elevators, wheat was worth on same dates 86 cents per bushel.

After I received your letter I phoned to the elevator men at each place, and they gave me the prices from their books, so you may rely upon them being correct.

If at any time I can be of more assistance to you, will be pleased to do all I can if you write me.

Yours, truly,

J. H. TRIMBLE.

No barley being marketed, as no crop of it on account of poor season. Prices on it are about 6 to 7 cents higher on this side; generally of average crop in past two years.

J. H. T.

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BISMARCK REALTY Co. (INC.),  
*Bismarck, N. Dak., April 15, 1911.*

Hon. P. J. McCUMBER,  
*United States Senate, Washington, D. C.*

DEAR SIR: A farmer friend of yours, who looks with sadness while contemplating the millions of dollars invested in farm mortgages on lands of the great Central Western States of Illinois, Ohio, Indiana, Iowa, Missouri, Kansas, and Nebraska, and the effect of reciprocity thereon, suggests that the effect will be upon all farm-land values, and where the prices of land are high the greater will be the effect. It will reduce the value of American wheat about 15 cents per bushel and barley about 30 cents per bushel; and as there is a very

much larger acreage of winter wheat than of spring, and as the winter-wheat acreage can all be put into corn, and as corn at the present price of about 35 cents per bushel on farms is not unreasonably high when grown on land valued at from \$85 to \$100 per acre, and as 35-cent corn can be raised more profitably than wheat at 75 or 80 cents, the planting of an additional 40,000,000 acres (present winter-wheat acreage) to corn would put the price of corn down almost to where it was a few years ago when corn was burned for fuel in Kansas and Nebraska. If you destroy the value of the corn lands of the great Western and Central and Southern corn-growing States, you will destroy the values of the stocks and bonds of the so-called granger railroads, which receive the bulk of their income from corn products and which carry bonded indebtednesses and capital stocks representing billions of dollars, and thus spread ruin throughout the whole land.

Reciprocity would undoubtedly result in an agitation for reduced rates of railroad freights on grain in the United States. It is quite true that the rates of freight now prevailing over Canadian railroads in the Northwest are lower than those in North Dakota and Montana, while it is notoriously a fact that the Canadian trunk lines do not expect to allow their grain trade to pass to the American lines, for they will carry their grain to Port Arthur and Fort William, on the Great Lakes, which are very much nearer to the mills at Buffalo than are Duluth and Minneapolis.

It is not ancient history that the price of barley was extremely low and Canada monopolized the New York and other Eastern barley markets, until the protective tariff of the McKinley bill enabled Montana, that grows the finest barley in the world, to build up a great industry. The protective tariff equals the freight from the Gallatin Valley, Mont., to New York; without it, Canada would enjoy the New York and Eastern barley trade at prices slightly lower than those now existing, and to the detriment of American growers.

The corn-land owner and bondholder and the "granger railroad" stockholders and bondholders, who are sitting complacently, while they imagine the iniquities of Canadian reciprocity will fall most heavily upon the spring-wheat States, mistake the situation, and in the event of reciprocity they themselves would be the heaviest losers.

Very truly, yours,

J. B. BAKER.

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PEMBINA, N. DAK., *January 11, 1911.*

HON. PORTER J. McCUMBER,  
*Washington, D. C.*

MY DEAR SENATOR: Your letter of the 10th instant was received this morning, and I immediately telephoned Neche for prices, as stated in your letter, and also secured from Emerson the prices paid there, and wired you the result at once. I thought it best to wire this information, in view of the fact that you desired it for use in a few days and a letter might be delayed or arrive too late to be of any benefit to you.

In this connection I might state that about the first of the year I noticed by the press the trend of matters at Washington, and on the



6th of this month I wrote to 12 different points along the frontier asking for the prices paid for wheat at these particular places for the week of December 31, 1910, and the prices paid at points directly across the line from these several places. I have received four replies, and these show the difference in price to have been from 10 to 13 cents per bushel. The difference in price at Pembina for the same period was 10 cents per bushel.

The prices paid for wheat at Neche, N. Dak., and Gretna, Manitoba, which were sent you by wire were as follows:

	Wheat.		Barley.	
	Neche.	Gretna.	Neche.	Gretna.
January 9.....	67	81	68	37
January 10.....	96	81	66	33
January 11.....	97	83	67	38

The prices paid for wheat and barley at Pembina, N. Dak., and Emerson, Manitoba, were as stated below:

	Wheat.		Barley.	
	Pembina.	Emerson.	Pembina.	Emerson.
January 10.....	97	82	67	42

On the 9th and 11th prices were about the same as above, with same difference in amount paid.

I am inclosing you four of the original letters in reply to my inquiry of the 6th instant and will forward you the balance as soon as received. I am sending you the originals, so there can be no question as to the source of the information. I did not know that you were going to call for this information, but had taken steps as above, and was going to forward the same to you as soon as all replies had been received, thinking that it would, no doubt, prove of some value to you in the near future, and I only wish that I could now forward you replies from the remaining points to which letters were sent.

Yours, very truly,

J. LA MOURE, Jr.

AMERICAN ASSOCIATION  
CREAMERY BUTTER MANUFACTURERS,  
*Chicago, February 13, 1911.*

HON. PORTER J. McCUMBER, Senator,  
*Washington, D. C.*

MY DEAR SIR: As secretary of the American Association Creamery Butter Manufacturers, an organization which represents the interests of about 400,000 farmers and manufacturers of more than a fourth of the creamery butter produced in the United States, I am very much interested in the proposed reciprocity treaty with Canada.

I realize that it is a very broad question, and selfish interests alone might prompt many to condemn or favor it.

Dealing with the dairy side of this question, I am very much opposed to the proposed change. As you know there has been a duty of 6 cents per pound on butter and cheese coming into this country. During the past four or five years there has been about that difference in prices paid for those two commodities in the United States and Canada. Am inclosing a quotation from a speech delivered by a prominent Canadian.

Free exchange of dairy products would give the Canadian producer a great advantage over the West and Central West or over our principal dairy States, which includes such States as Illinois, Wisconsin, Iowa, Minnesota, North and South Dakota, Nebraska, Kansas, and Missouri. These States produce more than 75 per cent of our butter.

Our principal markets are the large cities of the East. Therefore it is only reasonable that the Provinces of Ontario and Quebec, owing to their geographical location or proximity to our great cities, would be able to place their goods on those markets in a fresher condition than we would and with less transportation charges. In addition to this, their cost of labor is less and their land is cheaper, consequently in the West and Central West our farmers would be handicapped in competing with them in our own markets.

In the Provinces of Ontario and Quebec dairying is one of the principal occupations, and is carried on perhaps more extensively than in any of our States. Therefore this competition would tend to destroy one of our most profitable lines of agricultural pursuits. Dairying is not only profitable, but it tends more to conserve the fertility of our soil than any other line of agriculture and should be encouraged rather than discouraged.

It seems to the writer that the farmer is entitled to protection as much as any other class of people. The prosperity and happiness of all depend, to a large extent on the development and conservation of our agricultural resources.

Trusting that you will give the farmer side of this question serious consideration before voting on it, I am,

Yours, very truly,

G. L. McKAY, *Secretary.*

[Quotation from speech referred to.]

The subject was introduced by John W. Hyatt, who spoke of the larger issue which is vital to the interests of every dairyman—that is, the market end of agriculture. Farmers market their products as units instead of as organized bodies, and against them are opposed some of the greatest combines that the world has ever seen. In 1907 milk and cream were shipped to the United States to the value of \$24. In 1910, as a result of free trade, the shipments amounted to \$1,250,000. The weakest link in dairying was 85-cent milk.

Canadian dairymen received a little less than 11 cents for cheese last year, while in the United States cheese sold for 15 cents. In Montreal butter was worth 24 cents wholesale; in New York 35 and 40 cents. It was therefore in the interest of Canadian dairymen that they should have free trade with the States. In the States there are only 30 people in every 100 engaged in raising food products. In Ontario there are 40. The States, therefore, offer better markets for dairy products than can be found in Canada.

"In the past," said Mr. James R. Anderson, of Mountain View, "we farmers have allowed men like Col. Sam Hughes to do the talking for us. Henceforth, we are going to do our own talking. We are going to be united. I have 35

cows, and if I had been able last year to sell my cheese in the United States to the same advantage that some of our Canadian dairymen have been selling their cream, my income for six months would have been \$3 a day greater than it was."

"I know of three lots of cheese from the Bay of Quinte district that were sold in the United States, after paying 6 cents a pound duty," said Mr. S. Blakley, of Cherry Valley, "which netted the farmers better returns than cheese sent to Great Britain. Had there been free trade the producer might have had most of that 6 cents."

"We need more markets for our cheese," said Mr. J. B. Wilson, of Gananoque. "These markets can be found in the United States. Once we can procure markets the price of milk will advance, and cheesemaking will prove more profitable. We dairymen should follow the example of the grain growers in the West and unite in demanding tariff and other changes that will promote our interests."—Taken from speech delivered by a prominent Canadian at the thirty-fourth annual convention held at Perth.

**SUPPLEMENTAL STATEMENT SUBMITTED IN WRITING BY T. N.  
SIMMONS, FACTORY BROKER, NEW YORK.**

JUNE 2, 1911.

FINANCE COMMITTEE,

*United States Senate, Washington, D. C.*

GENTLEMEN: When before your honorable committee on May 23, you granted me permission to lay before you, in writing, certain data concerning the manufacturing situation in this country.

My business is the buying and selling of manufacturing plants where 50 per cent, control, or the entire property can be purchased.

In a manufacturing country the state of the times is invariably proved by the condition of the manufacturing industry.

I have a particularly advantageous opportunity to observe and analyze conditions, coming as I do in contact with manufacturers in all parts of the country. I can say without hesitation that the manufacturing industry in the United States is in an unhealthy condition.

The opinion of all manufacturers with whom I come in contact is that the cause of the present state of affairs is the uncertainty of more legislation.

They think it is about time there was a rest from continual agitation in the way of bringing about new legislation.

The consensus of opinion with manufacturers whom I meet is that the oftener Congress convenes the worse the conditions of business.

They seem to feel there are too many lawyers and too much argument and not enough action. They seem to feel that they have to pay the bills while the talking is going on.

Manufacturing conditions are bad in this country, and if anyone should know the conditions I should.

When a plant is turned over to me to sell, we do not just simply list it and wait for a buyer, but everyone who we think is in that line of business is acquainted with the fact, sometimes as high as 5,000 getting personal letters from my office, and what we and the man who is trying to sell his plant are wondering is the reason we can not get an offer.

As far as any opinions of the Supreme Court are concerned affecting manufacturing business, if there was any it is all over now, but I notice that conditions seem to be about the same.

Labor conditions can not certainly be at the bottom of my observations, because many of the plants I am offering for sale have never had any labor troubles to speak of.

Now, what is the trouble? All I hear is, we do not know where we are at.

The manufacturers are beginning to realize that the making of a national platform as to what should and what should not be protected is a joke and should be left out, because it is impossible for it to be

lived up to with each Representative being asked by his constituents to look after their particular interests.

We are offering a list of about 25 cotton mills, some of them at decided bargains, and we have not been able to get an offer on one of them in the last eight months.

I have spent as high as \$500 advertising a brick-manufacturing plant, appraised by an appraisal company at \$400,000, and we can not get an offer of \$40,000, which offer would be accepted by the owner.

I have two plants, one making chinaware and the other gocarts and novelties; one standing an investment of \$175,000, the other \$104,000, left in an estate, both in operation and holding their own as far as their lines of business is concerned; has been impossible for me to get an offer of 50 cents on the dollar for either plant.

There is no chance to get par for stock in manufacturing concerns where control can be bought that always have paid 10 per cent net.

The customers if there are any, seem to be afraid, and as near as I am able to figure it out, they are afraid of adverse legislation.

Regardless of whether your arrange reciprocity with Canada or not, I am sure conditions would immediately improve just so you did one or the other.

Knit goods plant, in operation, formerly appraised at \$150,000, we offered to the trade of the entire country at \$75,000, and tried to get an offer, but have been unable to do so, and at the present time the owner will accept \$35,000.

We have found the conditions of the woolen trade in offering a number of plants throughout the country, in such condition, that neither the owners or ourselves care to spend any money in offering these plants for sale as we consider it absolutely useless at the present time.

We are offering a great many cotton mills in the South, but not so many in the North; one in particular we are offering which is located in New England, that would cost \$650,000 to reproduce, now in operation, which we are offering at \$200,000, and \$150,000 cash would take this property at the present time, but even such a decided bargain as this we feel it useless to bring before the trade.

Of from 22 to 25 paper mills offered, making from light tissues to heavy boards, and from idle, antiquated plants to operating plants of the most modern kind. General conditions I believe are the cause for no demand for such properties.

We have just finished a campaign trying to sell a machine shop and foundry proposition in the State of Ohio, which seems to possess all natural resources close at hand, and which stands an investment of over \$150,000, and we have not been able to get an offer or to sell this property at 50 cents on the dollar, and feel satisfied that the iron trade generally of this country are aware of the fact of this property being offered for sale.

We have offered a jewelry manufacturing plant and called the attention of the entire trade to this business, which has been established for 35 years and has done very exceptionally fine business, and have not been able to get anyone to look over the plant with a view of buying.

We have circularized the entire milling trade, flour-milling concerns in this country, and find that the selling of a plant at the present time seems to be simply out of the question, and, in doing so, we find

that if the flour mills of the United States were to run to their total capacity for 90 days they would make enough flour for the consumption of this country for one year.

My experience with furniture manufacturing plants has been as bad, if not worse, than with any other line, and that business, as near as I can find out, seems to be in a deplorable state.

What the manufacturers of this country want, from my observation, is action by Congress one way or the other, and that as soon as possible so that they can arrange matters accordingly.

Respectfully submitted.

T. N. SIMMONS.

**STATEMENT OF INTERNATIONAL PAPER CO., 30 BROAD STREET,  
NEW YORK, SUBMITTED BY REQUEST.**

JUNE 6, 1911.

HON. BOIES PENROSE,

*Chairman Finance Committee,  
United States Senate, Washington, D. C.*

DEAR SIR: Your favor of May 30 was duly received, requesting information in regard to the purchase price of the properties merged into the International Paper Co. and certain details in regard to original and present production.

There were several reasons for not complying with this request. This company had not appeared before the present Finance Committee and did not care merely to submit fragmentary data which might be misconstrued unless all its bearings were explained and understood, which could not be done without an elaborate statement to or complete investigation by your committee; moreover, much of the information asked for appeared to us to be entirely immaterial in the consideration of the "pros" and "cons" of the reciprocity measure. There are business reasons entirely aside from the purposes of your investigation, which would make us unwilling to publish broadcast some of the facts asked for. If the hearings were confined to your committee, there is absolutely no detail connected with our affairs that we would care to hold back; but it is quite another matter to expose such facts to our competitors at home and abroad, to the unfriendly scrutiny of the newspapers, and particularly to subject ourselves to the unfair sophistry of Mr. John Norris.

The mills of the International Paper Co. constitute one property, and we are averse to giving Mr. Norris further opportunity to distort facts and magnify trivialities.

In order to show whether, in every instance, at the time of the formation of the company, full value was received for the purchase price, it would not be sufficient merely to give the capacity of each mill and the other details suggested by you, because in most cases there was much additional property taken over; namely, undeveloped water powers, timber lands, dwellings, and a great variety of other properties; all of which would have to be considered to properly pass upon the soundness of the transaction. Suffice it to say, as a whole, we believe it could be shown that the company was not over-capitalized at the start, and the properties are certainly now worth considerably more than our total capitalization.

We refer you to our statement submitted to the committee on investigation of the paper and pulp industry, reported on page 1029 of

their hearings, showing assets of \$70,000,000 against capitalization of \$57,000,000. An investigation by our directors, nearly completed, confirms the general result set forth in that statement. On page 1213 of the same hearings is a statement showing the age of our different plants. You will notice that all of the sulphite plants were built since 1890; that with two or three exceptions all of the ground-wood plants were built or rebuilt since 1890, and the same is true of the paper mills proper. Since that statement was compiled several of the plants have been extensively renewed or rebuilt. The statement that our plants are antiquated is absolutely false. The age or size or speed of the paper machines proper is comparatively unimportant compared with all the physical features of the pulp and paper plants.

Our policy has been to improve our facilities for making pulp, to improve our water powers by regulating the flow of the rivers, to equip our mills and premises with labor saving devices; in other words, to balance plants and improve their efficiency as a whole. The soundness of this policy is demonstrated by the fact that while the price of wood has doubled and wages for labor have also doubled, we are making paper to-day at a less cost than in 1900, and if we paid no more for wood than the average Canadian mill pays, we would make paper just as cheaply as they do.

Although our timberlands have increased in value, we have not marked them up on our books, and the cost of pulp wood is based on the original purchase value of the timberlands, and is barely enough to cover carrying charges and interest on the investment. We have no more timberlands than are necessary to insure a permanent supply and round out our properties. Mr. Norris has stated that we have speculated in timberlands; this is absolutely false. Our total investments in timberlands since the company started are, in the aggregate, considerably less than one year's bill for pulp wood. We have never sold any timberlands excepting a few trifling parcels for camp sites, rights of way, etc.

When the company organized we had 101 machines and were producing about from 1,250 to 1,300 tons per day of all kinds of paper, of which 1,150 or 1,200 tons were news-print paper. As a measure of the growth of the company we point out to you the production for the month of May, 1911, which was 1,785 tons per day, of which 1,536 tons per day were news-print paper. To this should be added a considerable production of tissue paper, book paper, and leather board by subsidiary companies in mills which were included in the original purchase.

We inclose a copy of a telegram which we have sent to you, because the violent attack upon this company (as reported in the paper) by Mr. Ridder yesterday seemed to us to call for a response, although Mr. Ridder's fulmination should not be taken very seriously. You will find some data as to his profits on pages 1201 and 1208 of the select committee report. It is a matter of common knowledge that the capitalization of his paper represents mostly water, the actual value of the property aside from goodwill being comparatively small, and the capitalization being determined by the earning power.

Yours, very truly,

CHESTER W. LYMAN.



[Telegram.]

JUNE 6, 1911.

To Hon. BOIES PENROSE,

*Chairman Finance Committee, Washington, D. C.:*

We desire to have appear in records of your hearings on reciprocity our unqualified and emphatic denial of all statements by Mr. Norris and Mr. Ridder, alleging any control of prices or curtailment of product by this company in combination with any other manufacturer. For specific statements relating thereto, we refer to records of hearings of your committee last February. We make and market our paper absolutely independently of all manufacturers. Our export business is more profitable than domestic. Our prices are reasonable and afford an inadequate return on our investment. Have paid for two years only 2 per cent on preferred stock; nothing on common. We affirm positively that actual appraisal of our properties shows tangible value of assets far exceeding total capitalization. General efficiency of our plants is proved by the fact that if we had pulp wood at the average price paid by Canadian mills our cost of producing news-print paper would be less than average cost of Canadian mills given in Tariff Board report. The difference in cost of pulp wood in Canada and the United States alone measures our disadvantage. Reciprocity will drive us to Canada. Our manufacturing communities and employees will be the chief sufferers. Are perfectly willing to appear before your committee, but have not considered it necessary as all relevant data are on record in reports of various congressional committees.

INTERNATIONAL PAPER Co.

**STATEMENT IN WRITING SUBMITTED BY THE CONGRESS OF  
THE KNIGHTS OF LABOR.**

THE CONGRESS OF THE KNIGHTS OF LABOR,  
*Albany, N. Y., June 10, 1911.*

HON. BOIES PENROSE,  
*Chairman Finance Committee, United States Senate,*  
*Washington, D. C.*

DEAR SIR: We would respectfully request that you have the annexed written statement, setting forth the position of the congress of the Knights in connection with the Canadian reciprocity bill (H. R. 4412), now pending before the Finance Committee of the United States Senate, printed with the written statements which have been submitted to the Finance Committee. As we were unable to appear in person before your committee, and as others have been permitted to file written statements, we trust that the same privilege will be accorded to our organization.

Very respectfully, yours,

[SEAL.] THE CONGRESS OF THE KNIGHTS OF LABOR,  
By J. R. MANSION, *Secretary and Treasurer.*

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THE CONGRESS OF THE KNIGHTS OF LABOR,  
*Albany, N. Y., June 10, 1911.*

HON. BOIES PENROSE,  
*Chairman Finance Committee, United States Senate,*  
*Washington, D. C.*

DEAR SIR: At the twenty-second annual session of the Congress of the Knights of Labor, held at Albany, N. Y., January 10 to 12, 1911, the following resolutions were adopted:

*Resolved*, That we reaffirm our position in favor of a protective tariff, and that the board of directors be, and they hereby are, instructed to prepare and issue an address to the workers of the country calling their attention to the fact that every dollar's worth of competitive imports entering the ports of the United States displaces that amount of products manufactured in American factories, mills, and workshops by American workmen.

*Resolved*, That we oppose any revision of the tariff by reciprocity or otherwise which does not adequately protect American industrial products against the competition of foreign labor, as any downward revision of the tariff means a downward revision of wages.

Article II of our constitution reads:

The particular objects for which said association is formed and for which it was organized are: To make industrial and moral worth, not wealth, the true standard of individual and national greatness; to enact into statute law the preamble of the Knights of Labor; the maintenance of a tariff policy for the protection of American labor and industry, and the retention of the American market for American products

In accordance with the above resolutions and constitutional provision of our organization we are opposed to House bill 4412, which is apparently designed to carry out and make effective the so-called reciprocity treaty entered into between the Canadian Government and the United States.

We will not attempt, for it would be impossible, to point out all of the objections which might be urged to its favorable consideration, for time sufficient to accomplish that end is not at our command.

We have read with great care the provisions of the proposed treaty with reference to the admission of wood pulp and paper into the United States, and we must admit that its provisions are by no means clear, and, in fact, we think will be found not to carry into effect the views of the high contracting parties. It is really bad enough as it is, but to have any mistake made about it would be worse. It must be borne in mind that the various Provinces of Canada own what is called "Crown lands," and each Province has the absolute right to determine what shall be done with its own products. The Province of Ontario about 12 years ago prohibited the exportation of any of the products of the forests in rough state to the United States. This policy was followed by the Province of Quebec just recently. The question now arises under the treaty, Just what are we getting? It does not say in expressed terms, as it should, that the benefits of the American markets shall not be open to the Canadian manufacturers of paper until all restrictions of whatsoever kind are removed by the various Provinces. On the contrary, it is quite possible, and it is our construction, that paper manufactured from wood cut on lands owned by individuals would be admissible into the United States whether the restrictions now maintained by the various provisions are removed or not. If we are correct in this construction, the outrage of such legislation would simply be increased. The bill should at least be amended so as to leave no error in it upon this very important question, for unless the American manufacturer of paper secures a free and unlimited supply from Canada, then there is absolutely no excuse whatsoever for the terms of this treaty, so far as this industry is concerned.

There was an exhaustive inquiry made into this question of the duty on print paper by the Mann committee two years ago, and while we did not agree with the deductions and conclusions of the committee, they reported at that time that there ought to be a duty of \$2 per ton on white print paper. After a very careful investigation the House agreed with the Mann committee on a \$2 tariff a ton. The bill went to the Senate and they concluded that \$4 per ton more correctly represented the required tariff, and Congress finally compromised on \$3.75 per ton.

Further, we have been informed upon the best of authority that the President of the United States at that time stated that the paper makers had made a better case than anyone else who had appeared before him for a protective tariff upon their industries. The subject has since that time been referred to the Tariff Board, which, during the past year, has made an exhaustive inquiry into this subject, and in the final report of this commission the difference in cost of production between the two countries was stated to be \$5.35 per ton.

This is one of the greatest industries, in fact the second greatest

single industry in the United States of America. Its capital is represented by tens of millions of dollars. The amount paid yearly to the laborers is represented in millions of dollars. Its toilers are numbered by the tens of thousands. What has it done that it should be singled out from all the industries which concededly should be protected, for public execution—and in behalf of our Canadian brethren and a few newspaper owners who, through the American Newspaper Publishers' Association, under the direction of Mr. John Norris and Mr. Herman Ridder, have carried on a relentless war for the past five years to destroy the paper industry of the United States because they were not permitted to dictate the price at which print paper should be sold.

If finished paper is to be imported into this country free of duty, the great paper industry will be crippled and the man who is a paper maker by trade has got to go to Canada to follow his trade, and take his wife and family into the wilderness to live, where there is no compulsory education law and not one of the comforts of civilization. It means the death blow to many communities clustered about the paper mills and the breaking up of American homes and migration of our skilled labor to Canada, and we are going to have a lot of mills on our hands that won't sell for money enough to pay the bondholders and the Canadians are going to have our business and our profits.

Reciprocity has been tried in this country several times, but has failed for good reasons. In particular has this been so, and always will continue to be so, where there exists competition between two countries in the raising or production of the same articles which are affected by reciprocity. Of necessity it is intended that when articles are placed upon the free list, or tariff greatly reduced, it must place the producer of these articles upon both sides at a disadvantage with reference to such production. Take the present proposed treaty for example. The farmer's products of all kinds are placed upon the free list, while the Canadian manufacturer is supposed in consideration thereof and of benefits accruing to reduce the tariff which is his protection upon the articles which he produces. Nothing is placed upon the free list for the benefit of either, yet they are compelled to bear the whole burden for the alleged benefit of others. For instance, what return does the American farmer receive in consideration of the placing of all of his products upon the free list and which at the same time places him in competition with the producers of other lands? We submit that he receives nothing in return for this sacrifice on his part. He still continues to work his farm, which has cost him much more than his competitor; pays more for the wages of his farm hands and purchases all of the necessities of life for himself and family in the highest markets of the world. No tariff is reduced on anything which he purchases but only on that which he produces. He pays just as high prices as before on the necessities of life. Where, then, does he come in? He simply does not come in. He is left to shift for himself as best he can, bearing the additional burdens of state for the benefit of others.

At the same time, how fares it with the Canadian manufacturer? Under the provisions of this bill he is also called upon to make sacrifice. He finds that everything that he and his employees purchase has gone up in price, and at the same time he is forced into competi-

tion with a strong neighbor with reference to all that he produces. Clearly these two classes of citizens, to wit, the American farmer and the Canadian manufacturer, are being discriminated against for a more favored class. In this case the American farmer is discriminated against in favor of the American manufacturer, and on the other hand the Canadian manufacturer is discriminated against in favor of the Canadian farmer. In other words, one class of our citizens is made to suffer a loss for the proposed benefit of another, which policy no party can stand or endure, for the reason that it is grossly unfair as well as unequal treatment of our citizens who are being discriminated against. There should and must be equality of opportunity or the principle of protection must perish. We are protectionists. We believe in the principle of universal protection, but it must apply equally to all. It must apply to all parts of our common country, equally to the tillers of the soil and to those engaged in manufacture. Then the principle is safe; otherwise it must perish, for the people will no more endure half protection and half free trade than our forefathers would suffer our Nation to remain half free and half slave. It must be one or the other, and now is the time when that question is to be determined.

The human race is like a man lost in the forests—it moves in circles, but we come back to the starting point in time. So it is with reference to the Canadian reciprocity, for in 1854 a treaty was concluded between the United States and Great Britain, acting in behalf of Canada, which placed substantially all the products of the farm upon the free list in consideration of certain alleged concessions in favor of our manufacturing industries. This treaty was to continue for a period of 10 years, and as much longer as the contracting parties should mutually agree. It is interesting to note the workings of that treaty and the results. It is sufficient to say that the imports into the United States during the time the treaty continued in force, to wit, from 1854 to 1866, increased 261 per cent. We quote the following from a report of the committee of the Canadian privy council, dated February 19, 1864, viz:

It would be impossible to express in figures with any approach to accuracy the extent to which the facilities of commercial intercourse created by the reciprocity treaty have contributed to the wealth and prosperity of this Province, and it would be difficult to exaggerate the importance which the people of Canada attach to the continued enjoyment of these facilities.

While it will thus be seen that the treaty was in great favor, on account of the benefits conferred, with Canada, how is it looked upon by the people of the United States? We find that on January 18, 1865, notice was given by this country to Great Britain of its intention to abrogate the treaty on the grounds "that it was no longer for the interests of the United States to continue the same in force."

This tells the whole story so far as the United States is concerned. The treaty lasted 12 years, and came to an ignominious end on March 17, 1866, and no statesman worthy of the name has sought to revive it up to the present day.

The difficulty of such arrangements we have attempted to point out, to wit, it is impossible to deal fairly and without discrimination with our people; but, on the other hand, it favors one interest to the detriment of another, for which no party can be responsible.

In concluding this subject we desire to call the attention of the Finance Committee of the Senate to the remarks of Senator John Sherman, of Ohio, made in the Senate of the United States in 1865, when the subject of annulling the reciprocity treaty with Canada was under consideration:

The farmer is compelled to pay tax in various forms on every commodity he consumes and on everything that he raises, while, by our treaty with Great Britain, all the products of Canada come into our markets free from duty. While this treaty stands it is a discrimination against every farmer and every mechanic and every industrial interest of the Western States. The farmer in Canada may raise his grain and produce and send it to our markets free of duty, and it pays no tax. We can not reach their railroads; we can not tax their transportation; we can not affect them in the least; and yet every interest of our farmers is taxed. It is manifest, therefore, that while we maintain our present system of internal taxation the reciprocity treaty is a direct benefit to the Canadian producer, farmer, and mechanic, and it is a discrimination against our own farmers and mechanics. It seems to me, therefore, for this reason alone, if there were no other, that this treaty ought to fall.

The same reasoning which applied then applies now with even greater force, and history will be found to be simply repeating itself.

The Canadian reciprocity bill (H. R. 4412) now pending before the Senate is the entering wedge for the destruction of the policy of protection to American labor and American industry, and we wish to be recorded as being against this bill or any similar measure which seeks to destroy the farming and manufacturing industries of the United States by turning the American market over to foreigners.

Respectfully submitted.

[SEAL.]

THE CONGRESS OF THE KNIGHTS OF LABOR,  
By J. R. MANSION, *Secretary and Treasurer*

# **STATEMENT IN WRITING SUBMITTED BY THE PACIFIC COAST LUMBER MANUFACTURERS' ASSOCIATION.**

SEATTLE, WASH., *June 10, 1911.*

Hon. BOIES PENROSE, *Chairman,*  
*And Members of Finance Committee,*  
*United States Senate, Washington, D. C.*

GENTLEMEN: In compliance with your request, I herewith hand you statistics of shingle-mill industry of the State of Washington. We hope that the same may answer your purpose, and if any further information along these lines is required, it will be cheerfully given.

The figures up to the year 1908 were prepared by Mr. J. H. Bloedel, of Bellingham, Wash. The shingle-mill industry began in the State of Washington over 20 years ago. Previous to that time we had no means of transportation and no way of getting the product to the consuming centers. We are now well supplied with railroads. We have the Canadian Pacific, Great Northern, Northern Pacific, Milwaukee, and Union Pacific; all these different lines touch the Puget Sound country. We are now in position to deliver shingles to any part of the United States. Previous to 1888 our cedar timber in this State had absolutely no value; there was no use to which it could be put. The owner of timber lands in estimating his timber holdings never figured in the cedar at all. But now that we have transportation facilities, conditions have changed. Shingle mills have been

built at a very rapid rate, and the output of shingles increased very rapidly up to the year 1905, but since that time the output has decreased to some extent. You will see by the statistics that our greatest output was in 1905, reaching 52,250 carloads, or 10,450,000,000 shingles. We are using for shingles a product that would otherwise go to waste. When the fir timber is logged a great part of the cedar is broken up in the falling of those large trees, and a fire usually follows a slashing, so that there is no possible way to preserve the cedar for future use when the fir is being removed. The fir timber grows in greater quantity than cedar. Taking the State over it will probably run 25 per cent cedar and 75 per cent fir. Our cedar grows very large; the smallest log we use for shingles will be 24 feet long and about 12 inches diameter at top end. The largest logs will run usually from 5 to 7 feet in diameter at small end, and occasionally larger; they are usually cut from 24 feet to 36 feet long, 32 feet being the standard length, so as to work up to 16 feet lumber without waste. Logs intended for shingles only are not cut any particular length; the longer logs are preferred by the mill owner, and are handled to better advantage by the logger. Shingle logs will run from 24 feet to 60 feet long in some localities.

We have a smaller growth of cedar that we use for telephone and telegraph poles; they are very straight and smooth, and nothing finer can be found anywhere for that purpose. Small cedar is used for railroad ties, but to a very limited extent; their lasting qualities are superior to other woods, but the softness of the wood seems to be an objection for that purpose. We can only use a small percentage of our cedar for lumber, probably less than 10 per cent, as only the clear part of the log can be cut into lumber, all the rougher parts of the logs that are not strictly first class being used for shingles only.

The question might be asked, Why do we not cut a larger percentage of lumber? The reason is that low-grade cedar lumber is not being used; it is very soft wood, splits rather easily, and the knots as a rule are loose and fall out. The clear lumber is very beautiful, and is used for many purposes, the largest amount being used for siding for outside of buildings. For that purpose it has no superior in any wood, and takes paint better than any other wood.

There is quite a large percentage of our shingles made from bolts. When we fall the tree we cut it up into blocks 4 feet 6 inches long, and split it up so that it can be handled to advantage, and it is hauled to the mill in that way. Also in rough, hilly parts of the country, and where streams are not sufficiently large to float logs, it is cut into bolts.

The shingle industry means much to our State; it has added materially to our population, from twelve to fifteen thousand men being engaged in the business. This number and their families depend upon the shingle industry for a livelihood. Many of our laborers have come from Michigan and Wisconsin, and other parts of the country where shingles have been made heretofore, but now they have come here to engage in the same calling. We have an abundance of cedar in this State, enough to supply the United States markets for probably 100 years. We have complete logging equipments, the most modern mill plants, and we have the skilled labor, and are in a position to supply all the market requires at all times. What we particularly need is a larger market. We could easily increase the output at any time, if a market could be secured. Our statistics will

show you that our mills do not run on an average of more than half time. The question then comes up, Why should we go abroad to get a supply of shingles when we are so well supplied with the raw material, complete equipments, and the highest skilled white labor?

The men employed in our industry are nearly all American citizens, and many of them are men of families, and home builders, and you will also see by our statistics that we pay them good wages. The only drawback is that mills being closed so many months in the year for the lack of markets for shingles compels labor to lose much time on that account. It is said by certain parties that we should have free trade in forest products in order that our own timber should be preserved, claiming that lumber and shingles will be cheaper to the consumer. That is certainly a mistaken idea; surely no one could expect lumber and shingles at a lower price than that which they are being sold for in this State to-day. Good common fir lumber at from \$6 to \$8 per thousand, and as good shingles as can be found anywhere at \$1.45 per thousand, f. o. b. cars at the mill. It is certainly a low enough price, and it is absolutely impossible for the business to survive and pay living wages to labor at these prices. You can readily see that if the shingle manufacturer does not follow the logger, and take out the cedar logs with the fir, it will be a dead loss, and that unless the farmer can sell his shingle bolts to the shingle manufacturer, when clearing his land, they will have to be piled up and burned. So it is either a question of market for shingles or great waste and destruction of this beautiful wood.

Our cedar seems to be particularly adapted for roofing purposes; it is very beautiful, and its lasting qualities are equal, if not superior, to any wood we know of for that purpose.

Now, gentlemen, you can readily see why we of the Pacific coast, engaged in the shingle industry, are opposed to the reciprocity measure in its present form. In our case it is the very reverse of reciprocity. Give us reciprocity that will reciprocate. Even absolute free trade would be preferable to a low tariff.

When the American shingle buyer buys a carload of shingles in Canada, the American has the shingles and the Canadian has the money; when he buys his shingles in the United States he still has the shingles and the United States the money, and we have just that much more business, and labor is employed that much more. Eighty per cent of the money received for shingles goes to labor. The loss of the business would be serious to the labor interest.

We, as shingle manufacturers, look forward to the completion of the Panama Canal, and fully expect to send shingles by water that way to the Atlantic coast. But our shipping laws, with which you are all familiar, would give British Columbia a great advantage, and would deprive us of any benefits that we expect to receive from that great waterway.

We might inquire, who is it that wants a lower tariff on shingles, or who is anxious for reciprocity in its present form? It is not the British Columbia shingle manufacturer; he is satisfied with present conditions, and would prefer no change. They even now have a trade in certain brands of shingles in the United States for which they are willing to pay the present duty. They have an organization among themselves whereby they limit production to market requirements in Canada, and they would look with disfavor on any attempt



we might make to sell shingles in the Provinces in competition with them. It is a fact well known that the dealers in the Provinces refuse to buy shingles from the American manufacturer, even at a lower price than they can buy them from the British Columbia manufacturer, grades being equal. So you can readily see that the manufacturers of British Columbia do not want present conditions disturbed.

Then, again, the consumer in the United States has never demanded a low tariff on shingles to our knowledge, neither have the dealers, and certainly the manufacturers in this State would have all to lose and nothing to gain if the bill should pass in its present form. Then the question comes up: Who wants free trade on forest products? In our judgment it is the man of wealth who wants to invest his money in Washington and British Columbia timberlands. He knows that reciprocity in its present form would greatly enhance the value of his timber holdings in British Columbia, while it would strike a death blow to our business, which is at the present time somewhat demoralized. Let me illustrate: An average shingle mill in this State has a capacity of about 200,000 shingles per day, a plant of that capacity would cost about \$25,000. In order to keep such a plant supplied with timber for 10 years, the owner would need about 2,000 acres of timberlands. Should the shingle business become unprofitable, the result would be the mill would have to close, the men be out of employment. Such a plant employs about 50 men, 20 in the woods and 30 in the mill. The majority of shingle manufacturers have financial obligations that are always maturing. Should operations cease, his creditors would at once demand payment, the plant that cost \$25,000 would not be worth one dollar. He could not put it up as security in any case, his only available asset would be his standing timber, and as he would be required to realize promptly, the result would be that he would have to sell his timberlands at a sacrifice. The man of wealth and timber speculator would have another opportunity to add to his already large holdings, and certainly at a very low price. The man of wealth and timber speculator never buys timber at a high price; he buys for 50 cents per thousand and sells at \$3 per thousand.

Now, it can be readily seen that the effect of low tariff on shingles would result in making the poor man poorer and the rich man richer. These are absolute facts, and have happened before in this State, which can be abundantly proven.

We who are in the business can look back to the time when we had free trade, when mills were obliged to cease operations because they were operating at a loss. We know of large tracts of as fine timber as can be found in the United States passing into the hands of rich men for trifling sums, and which for the last years have been sold to the operators at \$3 per thousand. These are facts that can not be disputed. We are not opposed to the man of wealth who wishes to invest his money in timberlands, the man who holds a large body of timber for future use, protects it from fire, and pays taxes; he might be called the friend of conservation; but we feel that the shingle manufacturers of this State or any other State in the country who have borne the burden in the heat of the day, who employ labor at good wages, who are adding to the prosperity of our country, who are good, loyal American citizens, should not have their interests sacrificed in order that the speculator in timberlands should get another opportunity to increase his holdings.

We feel that your committee should have all the facts, and we are satisfied that when you do, every member of the committee, and every Congressman and Senator, no matter to what party he may belong, be he Republican or Democrat, Free Trader or High Protectionist, can not help but feel that this is not a political matter, but the conservation and preservation of this business to this country, to which it and the market it supplies justly belongs.

It pains the heart of every lumberman and lover of the forest to see these beautiful trees cut down and sold at such a financial sacrifice.

Yours, respectfully,

JOHN McMASTER.

#### SHINGLE STATISTICS.

There are in the State of Washington—

44 combination mills with total combined capacity shingles per day.... 8,800,000  
383 straight mills with total capacity shingles per day ..... 42,130,000

427 Total mills manufacturing shingles, total capacity per day.... 50,930,000

Figuring on a possible run of 280 days in a year, the total yearly capacity of all mills would be 14,260,400,000 shingles.

Combination mills are those run in connection with sawmills.

This represents an investment, regardless of timber land, etc., of about \$10,000,000.

Approximately 14,000 men employed in the industry at an average daily wage of \$3.50, which makes a daily payroll of \$42,000, or \$252,000 a week.

Raw material costs, per 1,000 shingles.....	\$1.00
Labor costs, per 1,000 A shingles.....	.45
Overhead (insurance, taxes, interest, etc.).....	.15

Cost f. o. b. cars.....	1.60
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Shingles are selling to-day for \$1.45 per thousand.

The following table, prepared by Mr. J. H. Bloedel, of Bellingham, Wash., from reports of Bureau of Statistics, will show the increase in importations during years given. Note as importations increase output from Washington mills decrease.

Years.	Number of shingles.	Equivalent in car capacity.
1896.....	None shown.	Free.
1897.....	None shown.	Do.
1898.....	1,263,000	About 8 cars.
1899.....	88,000	About 4 car.
1900.....	1,060,000	About 5 cars.
1901.....	3,558,000	About 27 cars.
1902.....	25,008,000	About 120 cars.
1903.....	56,188,000	About 180 cars.
1904.....	175,655,000	About 878 cars.
1905.....	205,369,000	About 1,027 cars.
1906.....	250,644,000	About 1,283 cars.
1907.....	212,351,000	About 1,061 cars.
1908.....	263,054,000	About 1,315 cars.

And in proportion to this increase in importation there has been a falling off in production of shingles in the State of Washington since 1905, as will be shown by the following figures:

Years.	Number of shingles.	Figured in carloads.	Per cent of idle time.
1905.....	10,450,000,000	52,250	19.6
1906.....	7,286,600,000	36,433	50.0
1907.....	6,886,542,000	34,443	54.0
1908.....	7,288,361,000	36,441	49.0
1909.....	8,879,467,000	44,397	40.0
1910.....	8,677,450,000	43,387	40.0

<sup>1</sup> Estimated.

<sup>2</sup> 1910 figures not yet completed by Government. Shipments are known to have been 7,677,450,000, and we estimate stock on hand at 1,000,000,000.

*Statement showing comparative consumption of woods in United States for making shingles, year 1908.*

	Quantity.	Percentage distribution.
Cedar.....	9,180,178,000	75.8
Cypress.....	1,155,041,000	9.5
Yellow pine.....	794,637,000	6.6
Redwood.....	443,165,000	3.7
White pine.....	175,969,000	1.5
Spruce.....	123,718,000	1.0
Hemlock.....	79,231,000	.7
Chestnut.....	72,641,000	.6
Western pine.....	19,508,000	.2
Oak.....	17,720,000	.1
All other.....	44,675,000	.4

JOHN McMASTER.

### STATEMENT, IN WRITING, SUBMITTED BY THE NORTH CAROLINA PINE ASSOCIATION.

NORFOLK, VA., May 11, 1911.

DEAR SIR: At a meeting of the North Carolina Pine Association, held at Norfolk, Va., to-day, the following resolutions were unanimously adopted.

Yours, truly,

W. B. ROPER,  
Secretary-Treasurer.

Whereas there has been introduced into the Senate and the House of Representatives of the United States, and passed by the latter body, a bill enacting into law the Canadian reciprocity agreement; and

Whereas this agreement is reciprocal in name only, for all the burdens of the bill are borne by a few industries and sections and the benefits accrue to others; of the value of all imports into this country from Canada affected by this agreement 49 per cent consist of lumber and lumber products, three-fourths of this being sawed lumber;

Whereas this agreement does not even recognize reciprocity between the lumber-producing industries of the two countries, for Canada will continue to collect an import duty of 25 per cent on dressed lumber, while our specific duty (amounting to about 6 per cent) will not be changed; and, further, Canada, in return for the free admission of her rough lumber into this country, does not even permit the unrestricted shipment of logs;

Whereas much has been said in Congress about getting "free raw material" as a reason for taking the duty off of rough lumber, while as a matter of fact rough lumber is the product of two manufacturing processes—logging and saw milling; of these labor constitutes the chief part and should be employed in this country instead of in Canada; under Canadian laws logs must be manufactured in the Dominion, and this agreement does not change this feature; thus our own lawmakers would be parties to a plan for moving our American labor to Canada; the raw material of the lumber manufacturer and for all wood products is the standing tree;

Whereas the President urges the agreement by saying: "By giving our people access to Canadian forests we shall reduce the consumption of our own," while under the agreement access is not given to the Canadian forests, but only to Canadian lumber (a manufactured product), the export of logs from Canada being prohibited; in drawing the article covering paper and pulp the reciprocal feature was recognized by securing a reciprocal concession in regard to pulp wood, but not so with lumber;

Whereas the lumber duty was reduced nearly 40 per cent by the Payne law, since which time the profits of the sawmills have vanished, and the duty at present amounts to only about 7 per cent ad valorem; most of the mills have sold their product at about cost and many at less, while there have been very few that have realized any profit at all, being confronted, on the one side, by steadily increasing costs of labor and supplies, and, on the other, by unrestrained domestic competition; the report of the Commissioner of Corporations has shown conclusively that there not only is not a lumber trust, but that it is physically impossible to create one;

Whereas the standing timber in the Carolinas and Virginia is to a large degree in the hands of small holders, farmers and others, who must sustain a heavy loss consequent upon the inevitable reduction in stumpage values that will follow in the wake of the ratification of this agreement, without any compensating benefits: Therefore,

*Be it resolved by the North Carolina Pine Association* (consisting of manufacturers of short and long leaf yellow pine, and representing an annual output of about 1,000,000,000 feet), That the so-called reciprocity agreement is both inequitable and unjust and discriminates against the lumber industry, being barren of reciprocal features so far as this industry is concerned.

*Resolved*, That we do earnestly protest against the enacting into law of said agreement in its present shape, and respectfully request and urge the Senate to carefully consider this matter from the lumber and timber standpoint before placing itself on record.

*Resolved*, That a copy of these resolutions be sent to each Senator from Maryland, Virginia, North Carolina, and South Carolina, and that they be urged to use their utmost efforts to protect the industry which contributes most to the support and happiness of their several constituencies.

*Resolved*, That the arguments here presented apply with equal force to the so-called free-list bill, which has recently passed the House and is now before the Senate, and that we record the same protest against it and request our Senators to protect those who are dependent upon the lumber industry from its harmful and ruinous effects.

*Resolved*, That a copy of these resolutions be sent to the several lumber trade journals and to the lumber trade associations for dissemination among their members.

## Calendar No. 52.

62D CONGRESS, 1ST SESSION.

## H. R. 4412.

[Report No. 63.]

## IN THE SENATE OF THE UNITED STATES.

APRIL 24, 1911.

Read twice and referred to the Committee on Finance.

JUNE 13, 1911.

Reported by Mr. PENROSE, with an amendment and without recommendation.

[Insert the part printed in *italic*.]**AN ACT** To promote reciprocal trade relations with the Dominion of Canada, and for other purposes.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled*, That there shall be levied, collected, and paid upon the articles hereinafter enumerated, the growth, product or manufacture of the Dominion of Canada, when imported therefrom into the United States or any of its possessions (except the Philippine Islands and the islands of Guam and Tutuila), in lieu of the duties now levied, collected, and paid, the following duties, namely:

Fresh meats: Beef, veal, mutton, lamb, pork, and all other fresh or refrigerated meats excepting game, one and one-fourth cents per pound.

Bacon and hams, not in tins or jars, one and one-fourth cents per pound.

Meats of all kinds, dried, smoked, salted, in brine, or prepared or preserved in any manner, not otherwise herein provided for, one and one-fourth cents per pound.

Canned meats and canned poultry, twenty per centum ad valorem.

Extract of meat, fluid or not, twenty per centum ad valorem.

Lard and compounds thereof, cottolene and cotton stearine, and animal stearine, one and one-fourth cents per pound.

Tallow, forty cents per one hundred pounds.

Egg yolk, egg albumen, and blood albumen, seven and one-half per centum ad valorem.

Fish (except shellfish) by whatever name known, packed in oil, in tin boxes or cans, including the weight of the package: (a) When weighing over twenty ounces and not over thirty-six ounces each, five cents per package; (b) when weighing over twelve ounces and not over twenty ounces each, four cents per package; (c) when weighing twelve ounces each or less, two cents per package; (d) when weighing thirty-six ounces each or more, or when packed in oil, in bottles, jars, or kegs, thirty per centum ad valorem.

Tomatoes and other vegetables, including corn, in cans or other air-tight packages, and including the weight of the package, one and one-fourth cents per pound.

Wheat flour and semolina, and rye flour, fifty cents per barrel of one hundred and ninety-six pounds.

Oatmeal and rolled oats, including the weight of paper covering, fifty cents per one hundred pounds.

Corn meal, twelve and one-half cents per one hundred pounds.

Barley malt, forty-five cents per one hundred pounds.

Barley, pot, pearled, or patent, one-half cent per pound.

Buckwheat flour or meal, one-half cent per pound.

Split peas, dried, seven and one-half cents per bushel of sixty pounds.

Prepared cereal foods, not otherwise provided for herein, seventeen and one-half per centum ad valorem.

Bran, middlings, and other offals of grain used for animal food, twelve and one-half cents per one hundred pounds.

Macaroni and vermicelli, one cent per pound.

Biscuits, wafers, and cakes, when sweetened with sugar, honey, molasses, or other material, twenty-five per centum ad valorem.

Biscuits, wafers, cakes, and other baked articles, composed in whole or in part of eggs or any kind of flour or meal, when combined with chocolate, nuts, fruits, or confectionery; also candied peel, candied popcorn, candied nuts, candied fruits, sugar candy, and confectionery of all kinds, thirty-two and one-half per centum ad valorem.

Maple sugar and maple sirup, one cent per pound.

Pickles, including pickled nuts, sauces of all kinds, and fish paste or sauce, thirty-two and one-half per centum ad valorem.

Cherry juice and prune juice, or prune wine, and other fruit juices and fruit sirup, nonalcoholic, seventeen and one-half per centum ad valorem.

Mineral waters and imitations of natural mineral waters, in bottles or jugs, seventeen and one-half per centum ad valorem.

Essential oils, seven and one-half per centum ad valorem.

Grapevines; gooseberry, raspberry, and currant bushes, seventeen and one-half per centum ad valorem.

Farm wagons and finished parts thereof, twenty-two and one-half per centum ad valorem.

Plows, tooth and disk harrows, harvesters, reapers, agricultural drills and planters, mowers, horserakes, cultivators; thrashing machines, including windstackers, baggers, weighers, and self-feeders therefor and finished parts thereof imported for repair of the foregoing, fifteen per centum ad valorem.

Portable engines with boilers, in combination, horsepower and traction engines for farm purposes; hay loaders, potato diggers, fodder or feed cutters, grain crushers, fanning mills, hay tedders, farm or field rollers, manure spreaders, weeders, and windmills, and finished parts thereof imported for repair of the foregoing, except shafting, twenty per centum ad valorem.

Grindstones of sandstone, not mounted, finished or not, five cents per one hundred pounds.

Freestone, granite, sandstone, limestone, and all other monumental or building stone, except marble, breccia, and onyx, unmanufactured or not dressed, hewn, or polished, twelve and one-half per centum ad valorem.

Roofing slates, fifty-five cents per one hundred square feet.

Vitrified paving blocks, not ornamented or decorated in any manner, and paving blocks of stone, seventeen and one-half per centum ad valorem.

Oxide of iron, as a color, twenty-two and one-half per centum ad valorem.

Asbestos, further manufactured than ground; manufactures of asbestos or articles of which asbestos is the component material of chief value, including woven fabrics, wholly or in chief value of asbestos, twenty-two and one-half per centum ad valorem.

Printing ink, seventeen and one-half per centum ad valorem.

Cutlery, plated or not—pocketknives, penknives, scissors and shears, knives and forks for household purposes, and table steels, twenty-seven and one-half per centum ad valorem.

Bells and gongs, brass corners and rules for printers, twenty-seven and one-half per centum ad valorem.

Basins, urinals, and other plumbing fixtures for bathrooms and lavatories; bathtubs, sinks, and laundry tubs of earthenware, stone, cement, or clay, or of other material, thirty-two and one-half per centum ad valorem.

Brass band instruments, twenty-two and one-half per centum ad valorem.

Clocks, watches, time recorders, clock and watch keys, clock cases, and clock movements, twenty-seven and one-half per centum ad valorem.

Printers' wooden cases and cabinets for holding type, twenty-seven and one-half per centum ad valorem.

Wood flour, twenty-two and one-half per centum ad valorem.

Canoes and small boats of wood, not power boats, twenty-two and one-half per centum ad valorem.

Feathers, crude, not dressed, colored, or otherwise manufactured, twelve and one-half per centum ad valorem.

Antiseptic surgical dressings, such as absorbent cotton, cotton wool, lint, lamb's wool, tow, jute, gauzes, and oakum, prepared for use as surgical dressings, plain or medicated; surgical trusses, pessaries, and suspensory bandages of all kinds, seventeen and one-half per centum ad valorem.

Plate glass, not beveled, in sheets or panes exceeding seven square feet each and not exceeding twenty-five square feet each, twenty-five per centum ad valorem.

Motor vehicles, other than for railways and tramways, and automobiles and parts thereof, not including rubber tires, thirty per centum ad valorem.

Iron or steel digesters for the manufacture of wood pulp, twenty-seven and one-half per centum ad valorem.

Musical instrument cases, fancy cases or boxes, portfolios, satchels, reticules, card cases, purses, pocketbooks, fly books for artificial flies, all the foregoing composed wholly or in chief value of leather, thirty per centum ad valorem.

Aluminum in crude form, five cents per pound.

Aluminum in plates, sheets, bars, and rods, eight cents per pound.

Laths, ten cents per one thousand pieces.

Shingles, thirty cents per thousand.

Sawed boards, planks, deals, and other lumber, planed or finished on one side, fifty cents per thousand feet, board measure; planed or finished on one side and tongued and grooved, or planed or finished on two sides, seventy-five cents per thousand feet, board measure; planed or finished on three sides, or planed and finished on two sides and tongued and grooved, one dollar and twelve and one-half cents per thousand feet, board measure; planed and finished on four sides, one dollar and fifty cents per thousand feet, board measure; and in estimating board measure under this schedule no deduction shall be made on board measure on account of planing, tonguing, and grooving.

Iron ore, including manganiferous iron ore, and the dross or residuum from burnt pyrites, ten cents per ton: *Provided*, That in levying and collecting the duty on iron ore no deduction shall be made from the weight of the ore on account of moisture which may be chemically or physically combined therewith.

Coal slack or culm of all kinds, such as will pass through a half-inch screen, fifteen cents per ton.

*Provided*, That the duties above enumerated shall take effect whenever the President of the United States shall have satisfactory evidence and shall make proclamation that on the articles hereinafter enumerated, the growth, product, or manufacture of the United States, or any of its possessions (except the Philippine Islands and the islands of Guam and Tutuila), when imported therefrom into the Dominion of Canada, duties not in excess of the following are imposed, namely:

Fresh meats: Beef, veal, mutton, lamb, pork, and all other fresh or refrigerated meats excepting game, one and one-fourth cents per pound.

Bacon and hams, not in tins or jars, one and one-fourth cents per pound.

Meats of all kinds, dried, smoked, salted, in brine, or prepared or preserved in any manner, not otherwise herein provided for, one and one-fourth cents per pound.

Canned meats and canned poultry, twenty per centum ad valorem.

Extract of meat, fluid or not, twenty per centum ad valorem.

Lard, and compounds thereof, cottolene and cotton stearin, and animal stearin, one and one-fourth cents per pound.

Tallow, forty cents per one hundred pounds.

Egg yolk, egg albumen, and blood albumen, seven and one-half per centum ad valorem.

Fish (except shellfish), by whatever name known, packed in oil, in tin boxes or cans, including the weight of the package: (a) when weighing over twenty ounces and not over thirty-six ounces each, five cents per package; (b) when weighing over twelve ounces and not over twenty ounces each, four cents per package; (c) when weighing twelve ounces each or less, two cents per package; (d) when weighing thirty-six ounces each or more, or when packed in oil, in bottles, jars, or kegs, thirty per centum ad valorem.

Tomatoes and other vegetables, including corn, in cans or other air-tight packages, and including the weight of the package, one and one-fourth cents per pound.

Wheat flour and semolina and rye flour, fifty cents per barrel of one hundred and ninety-six pounds.

Oatmeal and rolled oats, including the weight of paper covering, fifty cents per one hundred pounds.



Corn meal, twelve and one-half cents per one hundred pounds.

Barley malt, forty-five cents per one hundred pounds.

Barley, pot, pearled, or patent, one-half cent per pound.

Buckwheat flour or meal, one-half cent per pound.

Split peas, dried, seven and one-half cents per bushel of sixty pounds.

Prepared cereal foods, not otherwise provided for herein, seventeen and one-half per centum ad valorem.

Bran, middlings, and other offals of grain used for animal food, twelve and one-half cents per one hundred pounds.

Macaroni and vermicelli, one cent per pound.

Biscuits, wafers, and cakes, when sweetened with sugar, honey, molasses, or other material, twenty-five per centum ad valorem.

Biscuits, wafers, cakes, and other baked articles, composed in whole or in part of eggs or any kind of flour or meal, when combined with chocolate, nuts, fruits, or confectionery; also candied peel, candied popcorn, candied nuts, candied fruits, sugar candy, and confectionery of all kinds, thirty-two and one-half per centum ad valorem.

Maple sugar and maple sirup, one cent per pound.

Pickles, including pickled nuts, sauces of all kinds, and fish paste or sauce, thirty-two and one-half per centum ad valorem.

Cherry juice and prune juice, or prune wine, and other fruit juices, and fruit sirup, nonalcoholic, seventeen and one-half per centum ad valorem.

Mineral waters and imitations of natural mineral waters, in bottles or jugs, seventeen and one-half per centum ad valorem.

Essential oils, seven and one-half per centum ad valorem.

Grapevines; gooseberry, raspberry, and currant bushes, seventeen and one-half per centum ad valorem.

Farm wagons, and finished parts thereof, twenty-two and one-half per centum ad valorem.

Plows, tooth and disk harrows, harvesters, reapers, agricultural drills and planters, mowers, horseshoes, cultivators; thrashing machines, including windstackers, baggers, weighers, and self-feeders thereof, and finished parts thereof imported for repair of the foregoing, fifteen per centum ad valorem.

Portable engines with boilers, in combination, horsepower and traction engines, for farm purposes; hay loaders, potato diggers, fodder or feed cutters, grain crushers, fanning mills, hay tedders, farm or field rollers, manure spreaders, weeders, and windmills, and finished parts thereof imported for repair of the foregoing, except shafting, twenty per centum ad valorem.

Grindstones of sandstone, not mounted, finished or not, five cents per one hundred pounds.

Freestone, granite, sandstone, limestone, and all other monumental or building stone, except marble, breccia, and onyx, unmanufactured or not dressed, hewn, or polished, twelve and one-half per centum ad valorem.

Roofing slates, fifty-five cents per one hundred square feet.

Vitrified paving blocks, not ornamented or decorated in any manner, and paving blocks of stone, seventeen and one-half per centum ad valorem.

Oxide of iron, as a color, twenty-two and one-half per centum ad valorem.

Asbestos further manufactured than ground: Manufactures of asbestos, or articles of which asbestos is the component material of chief value, including woven fabrics wholly or in chief value of asbestos, twenty-two and one-half per centum ad valorem.

Printing ink, seventeen and one-half per centum ad valorem.

Cutlery, plated or not: Pocketknives, penknives, scissors and shears, knives and forks for household purposes, and table steels, twenty-seven and one-half per centum ad valorem.

Bells and gongs, brass corners and rules for printers, twenty-seven and one-half per centum ad valorem.

Basins, urinals, and other plumbing fixtures for bathrooms and lavatories; bathtubs, sinks, and laundry tubs, of earthenware, stone, cement, or clay, or of other material, thirty-two and one-half per centum ad valorem.

Brass band instruments, twenty-two and one-half per centum ad valorem.

Clocks, watches, time recorders, clock and watch keys, clock cases, and clock movements, twenty-seven and one-half per centum ad valorem.

Printers' wooden cases and cabinets for holding type, twenty-seven and one-half per centum ad valorem.

Wood flour, twenty-two and one-half per centum ad valorem.

Canoes and small boats of wood, not power boats, twenty-two and one-half per centum ad valorem.

Feathers, crude, not dressed, colored or otherwise manufactured, twelve and one-half per centum ad valorem.

Antiseptic surgical dressings, such as absorbent cotton, cotton wool, lint, lamb's wool, tow, jute, gauzes, and oakum, prepared for use as surgical dressings, plain or medicated; surgical trusses, pessaries, and suspensory bandages of all kinds, seventeen and one-half per centum ad valorem.

Plate glass, not beveled, in sheets or panes exceeding seven square feet each, and not exceeding twenty-five square feet each, twenty-five per centum ad valorem.

Motor vehicles, other than for railways and tramways, and automobiles, and parts thereof, not including rubber tires, thirty per centum ad valorem.

Iron or steel digesters for the manufacture of wood pulp, twenty-seven and one-half per centum ad valorem.

Musical instrument cases, fancy cases or boxes, portfolios, satchels, reticules, card cases, purses, pocketbooks, fly books for artificial flies; all the foregoing composed wholly or in chief value of leather, thirty per centum ad valorem.

Cement, Portland, and hydraulic or water lime in barrels, bags, or casks, the weight of the package to be included in the weight for duty, eleven cents per one hundred pounds.

Trees: Apple, cherry, peach, pear, plum, and quince, of all kinds, and small peach trees known as June buds, two and one-half cents each.

Condensed milk, the weight of the package to be included in the weight for duty, two cents per pound.

Biscuits without added sweetening, twenty per centum ad valorem.

Fruits in air-tight cans or other air-tight packages, the weight of the cans or other packages to be included in the weight for duty, two cents per pound.

Peanuts, shelled, one cent per pound.

Peanuts, unshelled, one-half cent per pound.

Coal, bituminous, round and run of mine, including bituminous coal such as will not pass through a three-quarter inch screen, forty-five cents per ton.

That the articles mentioned in the following paragraphs, the growth, product, or manufacture of the Dominion of Canada, when imported therefrom into the United States or any of its possessions (except the Philippine Islands and the islands of Guam and Tutuila), shall be exempt from duty, namely:

Live animals, horses and mules, swine, sheep, lambs, and all other live animals.

Poultry, dead or alive.

Wheat, rye, oats, barley, and buckwheat, dried peas and beans, edible.

Corn, sweet corn, or maize.

Hay, straw, and cowpeas.

Fresh vegetables: Potatoes, sweet potatoes, yams, turnips, onions, cabbages, and all other vegetables in their natural state.

Fresh fruits: Apples, pears, peaches, grapes, berries, and all other edible fruits in their natural state, except lemons, oranges, limes, grapefruit, shaddocks, pomelos, and pineapples.

Dried fruits: Apples, peaches, pears, and apricots, dried, desiccated, or evaporated.

Dairy products: Butter, cheese, and fresh milk and cream: *Provided*, That cans actually used in the transportation of milk or cream may be passed back and forth between the two countries free of duty, under such regulations as the respective Governments may prescribe.

Eggs of barnyard fowl, in the shell.

Honey.

Cottonseed oil.

Seeds: Flaxseed or linseed, cotton seed, and other oil seeds; grass seed, including timothy and clover seed; garden, field, and other seed not herein otherwise provided for, when in packages weighing over one pound each (not including flower seeds).

Fish of all kinds, fresh, frozen, packed in ice, salted, or preserved in any form, except sardines and other fish preserved in oil; and shell-fish of all kinds, including oysters, lobsters, and clams in any state, fresh or packed, and coverings of the foregoing.

Seal, herring, whale, and other fish oil, including cod oil: *Provided*, That fish oil, whale oil, seal oil, and fish of all kinds, being the product of fisheries carried on by the fishermen of the United States, shall be admitted into Canada as the product of the United States, and, similarly, that fish oil, whale oil, seal oil, and fish of all kinds, being the product of fisheries carried on by the fishermen of Canada, shall be admitted into the United States as the product of Canada.

Salt.

Mineral waters, natural, not in bottles or jugs.

Timber, hewn, sided or squared otherwise than by sawing, and round timber used for spars or in building wharves.

Sawed boards, planks, deals, and other lumber, not further manufactured than sawed.

Paving posts, railroad ties, and telephone, trolley, electric-light, and telegraph poles of cedar or other woods.

Wooden staves of all kinds, not further manufactured than listed or jointed, and stave bolts.

Pickets and palings.

Plaster rock, or gypsum, crude, not ground.

Mica, unmanufactured or rough trimmed only, and mica, ground or bolted.

Feldspar, crude, powdered or ground.

Asbestos, not further manufactured than ground.

Fluorspar, crude, not ground.

Glycerin, crude, not purified.

Talc, ground, bolted, or precipitated, naturally or artificially, not for toilet use.

Sulphate of soda, or salt cake, and soda ash.

Extracts of hemlock bark.

Carbon electrodes.

Brass in bars and rods, in coil or otherwise, not less than six feet in length, or brass in strips, sheets, or plates, not polished, planished, or coated.

Cream separators of every description, and parts thereof imported for repair of the foregoing.

Rolled iron or steel sheets, or plates, number fourteen gauge or thinner, galvanized or coated with zinc, tin, or other metal, or not.

Crucible cast-steel wire, valued at not less than six cents per pound.

Galvanized iron or steel wire, curved or not, numbers nine, twelve, and thirteen wire gauge.

Typesetting and typesetting machines and parts thereof, adapted for use in printing offices.

Barbed fencing wire of iron or steel, galvanized or not.

Coke.

Rolled round wire rods in the coil, of iron or steel, not over three-eighths of an inch in diameter, and not smaller than number six wire gauge.

*Provided*, That the articles above enumerated, the growth, product, or manufacture of the Dominion of Canada, shall be exempt from duty when the President of the United States shall have satisfactory evidence and shall make proclamation that the following articles, the growth, product, or manufacture of the United States or any of its possessions (except the Philippine Islands and the islands of Guam and Tutuila), are admitted into the Dominion of Canada free of duty namely:

Live animals: Cattle, horses and mules, swine, sheep, lambs, and all other live animals.

Poultry, dead or alive.

Wheat, rye, oats, barley, and buckwheat; dried peas and beans, edible.

Corn, sweet corn, or maize (except into Canada for distillation).

Hay, straw, and cowpeas.

Fresh vegetables: Potatoes, sweet potatoes, yams, turnips, onions, cabbages, and all other vegetables in their natural state.

Fresh fruits: Apples, pears, peaches, grapes, berries, and all other edible fruits in their natural state.

Dried fruits: Apples, peaches, pears, and apricots, dried, desiccated, or evaporated.

Dairy products: Butter, cheese, and fresh milk and cream: *Provided*, That cans actually used in the transportation of milk or cream may be passed back and forth between the two countries free of duty, under such regulations as the respective Governments may prescribe.

Eggs of barnyard fowl, in the shell.

Honey.

Cottonseed oil.

Seeds: Flaxseed or linseed, cotton seed, and other oil seeds; grass seed, including timothy and clover seed; garden, field, and other seed not herein otherwise provided for, when in packages weighing over one pound each (not including flower seeds).

Fish of all kinds, fresh, frozen, packed in ice, salted or preserved in any form, except sardines and other fish preserved in oil; and shellfish of all kinds, including oysters, lobsters, and clams in any state, fresh or packed, and coverings of the foregoing.

Seal, herring, whale, and other fish oil, including cod oil: *Provided*, That fish oil, whale oil, seal oil, and fish of all kinds, being the product of fisheries carried on by the fishermen of the United States, shall be admitted into Canada as the product of the United States, and similarly that fish oil, whale oil, seal oil, and fish of all kinds, being the product of fisheries carried on by the fishermen of Canada shall be admitted into the United States as the product of Canada.

Salt.

Mineral waters, natural, not in bottles or jugs.

Timber, hewn, sided or squared otherwise than by sawing, and round timber used for spars or in building wharves.

Sawed borads, planks, deals, and other lumber, not further manufactured than sawed.

Paving posts, railroad ties, and telephone, trolley, electric light, and telegraph poles of cedar or other woods.

Wooden staves of all kinds, not further manufactured than listed or jointed, and stave bolts.

Pickets and palings.

Plaster rock, or gypsum, crude, not ground.

Mica, unmanufactured or rough trimmed only, and mica, ground or bolted.

Feldspar, crude, powdered or ground.

Asbestos not further manufactured than ground.

Fluorspar, crude, not ground.

Glycerin, crude, not purified.

Talc, ground, bolted or precipitated, naturally or artificially, not for toilet use.

Sulphate of soda, or salt cake, and soda ash.

Extracts of hemlock bark.

Carbon electrodes.

Brass in bars and rods, in coil or otherwise, not less than six feet in length, or brass in strips, sheets, or plates, not polished, planished, or coated.

Cream separators of every description, and parts thereof imported for repair of the foregoing.

Rolled iron or steel sheets or plates, number fourteen gauge or thinner, galvanized or coated with zinc, tin, or other metal, or not.

Crucible cast-steel wire, valued at not less than six cents per pound.

Galvanized iron or steel wire, curved or not, numbers nine, twelve, and thirteen wire gauge.

Typesetting and typesetting machines and parts thereof, adapted for use in printing offices.

Barbed fencing wire of iron or steel, galvanized or not.

Coke.

Rolled round wire rods in the coil, of iron or steel, not over three-eighths of an inch in diameter, and not smaller than number six wire gauge.

SEC. 2. Pulp of wood mechanically ground; pulp of wood, chemical, bleached, or unbleached; news print paper, and other paper, and paper board, manufactured from mechanical wood pulp or from chemical wood pulp, or of which such pulp is the component material of chief value, colored in the pulp, or not colored, and valued at not more than four cents per pound, not including printed or decorated wall paper, being the products of Canada, when imported therefrom directly into the United States, shall be admitted free of duty, on the condition precedent that no export duty, export license fee, or other export charge of any kind whatsoever (whether in the form of additional charge or license fee or otherwise), or any prohibition or restriction in any way of the exportation (whether by law, order, regulation, contractual relation, or otherwise, directly or indirectly), shall have been imposed upon such paper, board, or wood pulp, or the wood used in the manufacture of such paper, board, or wood pulp, or the wood pulp used in the manufacture of such paper or board; and when the President of the United States shall have satisfactory evidence and shall make proclamation that such wood pulp, paper and board, being the products of the United States, are admitted into Canada free of duty.

SEC. 3. That for the purpose of further readjusting the duties on importations into the United States of articles or articles the growth, product, or manufacture of the Dominion of Canada, and of the exportation into the Dominion of Canada of articles or articles the growth, product, or manufacture of the United States, the President of the United States is authorized and requested to negotiate trade agreements with the Dominion of Canada wherein mutual concessions are made looking toward freer trade relations and the further reciprocal expansion of trade and commerce: *Provided, however,* That said trade agreements before becoming operative shall be submitted to the Congress of the United States for ratification or rejection.

Passed the House of Representatives April 21, 1911.

Attest:

SOUTH TRIMBLE, *Clerk.*



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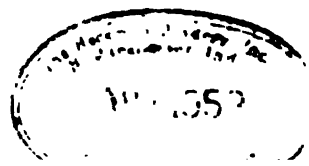
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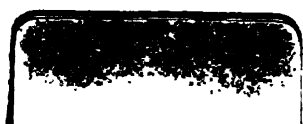
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